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NEWS SUMMARY

GENERAL

Brigades 'trial' of general begins

Italy's Red Brigades terrorists say they have started the "proletarian trial" of General James Lee Dozier, the U.S. staff officer they kidnapped in Verona 12 days ago.

A communique found in Milan at the weekend contained a photograph of the general in front of a Brigades flag and holding a placard.

Experts believe this may be a montage, however, raising doubts as to whether he is still alive. **Page 2**

Air fares plan

A U.S. plan to give airlines more freedom to raise or lower North Atlantic fares is being considered by European governments. **Back Page**

Pension clawback

Higher contributions may be demanded from teachers, nurses and other public servants in exchange for their index-linked pensions. Page 6; **Pay plan. Page 7**

Freighter fear

An empty life raft from the missing Panamanian freighter Mark was recovered off Land's End. A body was also spotted.

Wine regions hit

President Mitterrand pledged further special relief for the Bordeaux and southern Burgundy regions where floods isolated villages and swamped vineyards. Page 2

Philippines toll

Typhoon Lee's weekend onslaught forced 100,000 Filipinos from their homes, killed at least 13 and devastated rice crops.

Egypt jailings

Five were jailed in Egypt on *charges of conspiring to annexe* its western desert to Libya.

Bear lies low

Police marksmen will continue their search today for a bear reportedly roaming London's Hackney Marshes, but fear an elaborate hoax.

Holiday proposal

Labour MP Gwilym Roberts called on the TUC and CBI to seek agreement on a 10-day industrial holiday spanning Christmas and the New Year.

Ford recall

Ford is recalling 3,000 Escorts delivered *from Halewood after* December 2. A suspect linkage component may lead to brake failure. Car sales, Page 4

Carmichael dies

Hoagy Carmichael, composer of "Stardust" and "Lazy Bones," died in Palm Springs aged 82.

Delhi Test drawn

India, out for 487, drew the third cricket Test in Delhi with England, 476 for nine declared and 68 without loss.

Green light

Striking GEC maintenance workers will repair the South *Yorkshire traffic lights supplied* by the company free of charge, in order to save lives.

Room on top

South Wales Transport has closed its Gorseinon bus depot but left staff on the spot—in a converted double-decker complete with canteen.

Briefly . . .

Robert Kennedy's tombstone has been stolen from Arlington cemetery.

Test-tube baby, the first in the U.S., was born in Virginia.

Chairlift collapsed in the Dolomites, killing two skiers.

BUSINESS

Treasury angered by Bank attacks

● **TREASURY** is angered by attacks on the Government's policy by Bank of England directors reported by the Wall Street Journal. **Back Page**

● **NEDC** is staging two major economic debates in the next few weeks between industry heads and government leaders, *including Mrs Thatcher.* **Page 4**

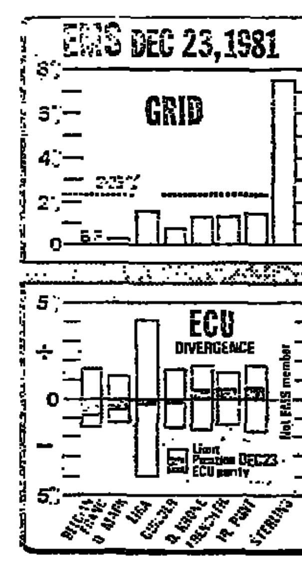
● **FT SURVEY** of 15 forecasts for the economy in 1982 shows that modest economic growth is expected. **Page 6**

● **WALL STREET** was 1.42 down at 871.96 near the close. Page 16

● **GOLD**: The Comex December close in New York was $393.3 Page 17

● **BELGIAN FRANC** was again the weakest member of the European Monetary System last week, although reaction was generally favourable to the economic programme of the new coalition Government. Latest figures show that the Belgian National Bank has not been forced to support the currency following the squeeze on speculators the previous week.

The Belgian franc weakened steadily, but remained well within its divergence limit, while other members of the system showed little change in very quiet pre-Christmas trading. Strongest member of the EMS was again the Irish punt, slightly ahead of the French franc and Danish krone. The D-mark improved a little after being the weakest currency on Monday and Tuesday.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

● **UK TOTAL** of working days lost through strikes this year has fallen to under a third of last year's 12m. **Page 4**

● **IRAQ** resumed piping crude oil to the Lebanese Mediterranean coast after a six-year break and 20,000 tons have reached the Tripoli terminal since pumping began over Christmas. **Page 2**

● **BIWATER SHELLABEAR**, the UK-based water and civil engineering contractor, has won *a £184m contract to provide a* water supply system in 94 Nigerian towns and villages. **Back Page**

● **BL AND PERKINS** have signed an agreement for development work on a car diesel engine. **Back Page**

● **SEARS HOLDINGS**, the conglomerate built up by the late Sir Charles Clore, is selling most of its textile machinery interests. **Back Page**

● **COLAS PRODUCTS**, a Shell *UK subsidiary, has launched an* agreed £5.78m bid for George M. Callender, the maker of bitumen-based damp-proof courses and sheeting. **Page 14**

CHIEF PRICE CHANGES ON THURSDAY

Prices in pence unless otherwise indicated)

RISES		
?rasway	87	+ 5
?rit. Aerospace	201	+ 3
?running	89	+ 11
?eals	£21½	+ 2
?wen Owen	218	+ 10
?eardon Smith A.	103	− 8
?oyal Worcester	190	+ 5
?dlaw Inds.	244	+ 7
Squirrel Horn	41	+ 5
Standard Chartered	660	+ 7
Staveley	222	+ 4
Tilling (T.)	151	+ 4
Utd. Scientific	587	+ 22
Whessoe	160	+ 5
Claremont Pet.	83	+ 6
FALLS		
Bank of Scotland	530	− 18
Wilkins & Mitchell	19	− 3

U.S. DECISION ON SOVIET SANCTIONS IN 'NEXT FEW DAYS'

Western rift over Poland

BY OUR FOREIGN STAFF

THE U.S. will decide within the next few days whether to order sanctions against the Soviet Union in response to the imposition of martial law in Poland, Mr Lawrence Eagleburger, Assistant Secretary of State, said in Washington last night.

The announcement came amid signs of a widening rift between the U.S. and Western Europe as they searched for a *co-ordinated reaction to the Polish* crisis.

In Poland, the position of Mr Lech Walesa, leader of Solidarity, remained unclear. Unconfirmed reports said he had ended *the hunger strike he was* reported as having begun before Christmas "because of the future role he might be called on to play."

Monsignor Luigi Poggi, said the Pope's special envoy to Poland, said on his return to Rome he had been assured by the authorities that Mr Walesa had not been interned, but was *being held under house arrest* near Warsaw.

Mr Eagleburger, interviewed on television, refused to predict what action President Ronald Reagan might take in dealing with Moscow.

"It's very clear that the Soviets are in this up to their neck to begin with," he said.

"In the second place the question of sanctions is something that's being looked at now, and it obviously has to be looked at in the context of the Brezhnev letter."

A White House spokesman confirmed earlier that a reply had been received from Leonid Brezhnev to President Reagan's

West Germany treads warily over sanctions: Top Kremlin official backs martial law, Page 2
Solidarity: a test for the West. Page 12

December 23 televised warning that Russia would pay "dearly" if repression in Poland continued.

The reply from Moscow was "negative." Mr Reagan said. "With them it's always negative."

Despite this Mr Reagan has not completely ruled out a summit meeting with Mr Brezhnev some time in 1982. Since martial *law was declared in Poland on* December 13, the U.S. has announced only mild sanctions against Poland. These include suspension of official food aid.

In Brussels it was learned that EEC member-states were expected to announce further emergency food aid when their representatives held special talks in London tomorrow. These talks were to have been at Foreign Minister level.

However, Reuter in Brussels quoted Western diplomats as saying that Nato's solidarity would be "severely tested" if Mr Reagan followed reprisals against Poland with measures aimed specifically at Moscow.

In Poland the call from the martial law authorities for a post-Christmas return to work appeared only partially successful.

Warsaw Radio claimed that work restarted at a coal mine and a steel mill in Katowice Province, where opposition was strong after the military take*over two weeks ago. It said that* 2,300 out of a workforce of 10,000 turned up at at the Ziemowit Mine, where a strike ended on Christmas Eve.

At the neighbouring Piast Mine, the sit-in by 1,000 workers 2,000 feet below ground had "ended."

In other developments yesterday and over the holiday week*end:*

● General Jaruzelski, in his Christmas Eve broadcast, defended the decision to impose martial law and denied that hundreds of people were killed and thousands tortured in *its* aftermath.

● Mr Alexander Haig, U.S. Secretary of State, told the Washington Post he believed that Soviet intervention might be more likely now than before martial law.

● **The Pope** in his Christmas message spoke of the deprivations people suffered for economic, "imperialistic and strategic interests." His remarks were regarded as reflecting his concern over his native Poland.

● **Warsaw Radio** confirmed last night that the monthly meat ration for everyone except manual workers would be cut from three kilos (6.6 lb) to 2.5 kilos (5.5 lb).

● **M Guido Condrau**, vice-director of the Swiss Banking Corporation and co-ordinator of the task force of *major Western* leading lending banks, said a rescheduling agreement with Poland before the end of the year was "out of the question."

Unconfirmed reports talked of a purge of moderates in the Polish Communist Party. "There are only careerists and Stalinists left," one Party source was reported as saying by *Western news agencies.*

Tass said last night that the U.S. was trying to turn Poland into "a permanent seat of tension in Europe."

Mr Zenko Suzuki, the Japanese Prime Minister, wrote to Mr Reagan promising to remain in close touch on Western sanctions against Poland.

Forecasters expect slow export-led recovery in 1982

BY MAX WILKINSON

A SLOW recovery of the UK economy should get under way next year, with a substantial improvement in exports, according to a Financial Times survey of 15 major forecasts.

Their consensus is that the annual rate of inflation will fall slowly from about 12 per cent at the end of this year to a little *over 10 per cent* by the end of 1982.

But not one of the 15 forecasting units surveyed believes unemployment will fall, and the average of their predictions yields a figure of about 2.9m unemployed adults by the third quarter of next year.

When school leavers are added it appears that the "head*line total*" of unemployed will remain above 3m for most of the year.

None of the forecasters expects any appreciable increase in consumer spending next year. The consensus is for a very small decrease in real terms, but two forecasters expect a fall of about 2 per cent.

Manufacturing output is *generally expected to improve* about 2.5 per cent next year, after falling 14 per cent between 1979 and the middle of this year.

The Treasury is, however, more optimistic than most of the independent units. It forecasts that manufacturing industry will recover by nearly 4 per cent next year.

All but one of the forecasters expect the surplus on the current account of the balance of payments to decline next year—one thinks it will go into deficit.

The Treasury is predicting a surplus of £3bn which is twice the average of all the forecasts. Because of the absence of trade figures for much of this year, forecasts of this figure are unreliable and some of the independent estimates may be too low.

The FT average of the forecasts for inflation and unemployment makes no allowance for the fact that not all forecasts give figures for the year end. The resulting error *would have only a small effect* on the average.

The figures should be regarded as indicating a consensus about 1982 trends rather than a precise "essence of forecasts."

Details, Page 6

FT competition, Men and Matters. Page 12

FT AVERAGE OF MAJOR FORECASTS

Percentage change year on year in 1975 prices unless otherwise stated

	1981	1982
GDP (output)	− 2.4	1.1
Consumer spending	− 0.2	− 0.2
Exports	− 4.5	3.6
Imports	− 3.8	7.0
Manufacturing output	− 6.1	2.5
Retail price inflation	11.8	10.3
Unemployment (adults) m	2.8	2.9
Balance of payments current account £bn	4.2	1.5
	1981-82	**1982-83**
Public sector borrowing requirement for financial year	£11.5bn	£10.6bn

Most inflation and unemployment forecasts for year-end, but some average for full year—see text.

Tories prepare attack on SDP

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE Tory Party is expected to increase efforts in the New Year *to counter the Social Democratic* Party. It is to mount a campaign to emphasise differences within the SDP-Liberal Alliance and generally to undermine SDP credibility.

Attempts may be made to discredit individual SDP politicians though there is disagreement at Conservative Central Office about the advisability of personal attacks.

The Tories will try to expose what they will claim are weaknesses in SDP policies as the policies begin to emerge in 1982.

In recent weeks Central Office has reappraised its tactics in the light of emergence of the SDP, which this time last year did not exist, and to fight which the Tory Party has had no strategy until now.

The conclusion is that, while it is too early to say whether, by the General Election, the SDP will be the Tories' main enemy, the party is the principal short-term threat and will do well in the spring local elections.

For this reason Central Office believes the party must adapt its campaign tactics outside Westminster and adopt a more aggressive attitude to the SDP.

According to a Gallup poll *published on December 18, 36* per cent of those interviewed said they would vote Social Democrat, 14.5 per cent Liberal, 23.5 per cent Labour and 23 per cent Tory.

Central Office is believed to have told the Prime Minister the Tory Party must put its house in order, stop internal bickering and make efforts to present Government successes.

Central Office feels the Government has passed its mid-term point and would do well to remember groups, like pensioners, who traditionally vote Tory.

Central Office awaits results of research it commissioned into attitudes and views of potential SDP supporters. There is disagreement among senior Tories as to the SDP threat's extent.

The party has completed its post-mortem of the Crosby by-*election, however, where* Mrs Shirley Williams (SDP) demolished a 19,272 Tory majority. In spite of internal criticism of the Tory campaign Mr Cecil Parkinson, party chairman, thinks some tactics used at Crosby were right and should be developed against the SDP in by-elections

*In Crosby the Tory candi*date tried to brand the SDP leadership as nothing more than failed Socialists. This looks like being a main plank of the Tory national campaign against the SDP

SDP leaders' records in government and their failure inside the Labour Party to deal with extremists are likely to be emphasised

The Tory Party is likely to [illegible] potential differences between the SDP and the Liberals, and between the SDP leadership and its potential supporters.

Central Office hopes the SDP's support has reached a peak—that as the party begins committing itself to specific policies it will alienate some now prepared to support it.

Some Central Office members believe SDP leaders' enthusiasm for the Common Market could be turned into an electoral liability if the Tories could present them as federalists rather than merely committed Europeans.

In spite of the SDP's current rating in opinion polls the Prime Minister seems to believe the Social Democrats' support will start declining this year as *the Government's economic* policies start to produce favourable results.

Although some of Mrs Thatcher's ministerial colleagues *take a gloomier view,* Central Office is confident, at least in public, that the Tory element in the SDP's support will have been eroded by the next General Election.

Privately, however, some Tory Party strategists have warned that to dismiss the SDP as just the usual mid-term protest movement would be dangerous and that uncertainty over the Labour Party's future means the SDP must be taken seriously.

One problem for the party is how much attention it should pay to the SDP.

£ in New York

—	Dec. 24	previous
Spot	$1.8870-8920	$1.8900-8910
1 month	0.31-0.21 dis	0.30-0.20 dis
3 months	*0.79-0.69 dis*	*0.80-0.70 dis*
12 months	1.10-0.90 dis	1.10-0.90 dis

Japan agrees to trade talks with EEC and U.S.

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN *has consented to* special trilateral trade talks with the EEC and the U.S. at Key Biscayne, U.S., on January 15 and 16. Figures yesterday showed that Japan had a $1.06bn current account deficit in November after slower exports and a rise in imports.

The Japanese Ministry of Finance said that the deficit was *the first in six months.*

It comes when both Govern*ment and private forecasters* have revised upward their estimates of the likely current account surplus for the fiscal year.

Officials said yesterday that the slowing in exports, a main factor in the surprising November figures, could continue for some time.

November exports of $11.55bn represent *a 6.7* per cent rise

Continued on Back Page

Zurich scraps sales tax on gold transactions for central banks

BY JOHN WICKS IN ZURICH AND ROBIN PAULEY IN LONDON

THE SWISS Government will remove the 5.6 per cent sales tax on physical gold transactions involving central banks from Friday.

The surprise move appears to be an attempt to win back to Zurich some of the gold transactions lost to London and other centres since the tax was introduced on January 1, 1980.

The tax will no longer apply *in cases where gold is delivered* to a monetary authority or imported on its behalf by a Swiss bank. The freeing of such transactions from sales tax is conditional on the central bank involved using the gold "for sale to a wholesaler or for export." The intermediary bank will have to sign a document to pay the tax should the gold be put to any other use.

The tax was introduced to coincide with the introduction of value added tax on gold transactions in West Germany.

The Swiss authorities said at the *time the imposition of the* tax would not affect the Zurich gold bullion market, but the speedy removal suggests that they are having second thoughts, particularly as the tax rate would have risen from 5.6 per cent to 6.2 per cent on *Friday.*

Since the tax was introduced there have been definite signs that South African and Soviet gold has been dealt through London rather than Zurich. A growing number of bankers have felt that as the cost of physical movement of gold is so high anyway the extra cost of the Swiss tax was increasingly a deciding factor against Zurich.

The Swiss tax, a turnover tax called a "Warenumsatzsteuer" is not refundable for export deliveries, unlike the VAT of the European Community countries.

In an interview with the Schweizerische Handels-Zeitung on Christmas Eve, Dr Fritz Leutwiler, president of the Swiss *National Bank, called for* a review of the tax on gold, saying it was among fiscal measures which had meant a loss of custom from Switzerland.

Technically customers who bought gold on the Zurich mar*ket could avoid the tax by keep*ing gold in a collective custody account stored in a duty free warehouse. But many central banks have internal regulations obliging them to keep their nation's gold reserves in the vaults of a leading bank. The easiest solution since 1980 has apparently been to store the gold in London and buy the metal on the London market.

Although the Zurich banks are hoping to win some custom back their chances will be restricted by the current lack of demand for gold reported by bankers.

● Gold was traded in Zurich yesterday at $401.75 (£212.5) an ounce, down from the close of $404 in London on Thursday.

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Mgr Poggi on his return to Rome

Emissary briefs Pope after visit

By James Buxton in Rome

A TOP Vatican diplomat, who returned on Sunday from a visit to Poland, yesterday met Pope John Paul to brief him on talks he had with the Polish Government and Roman Catholic leaders.

Before reporting to the Pope, Monsignor Luigi Poggi told reporters that "there are hopes of a dialogue between the authorities and the social forces"—a phrase which in Italy is used to refer to the trade unions.

Mgr Poggi, who described the situation in Poland as difficult, had an hour-and-a-half-long meeting with General Jaruzelski, the Polish leader, on Christmas Eve, as well as talks with Archbishop Glemp, the Polish Primate.

He said he had not seen Mr Lech Walesa, the Solidarity leader. Mr Walesa, he said, was not interned in a concentration camp. As far as he knew he was being kept in a place where he was able to attend mass.

Through Mgr Poggi, and the visit to Rome before Christmas of Mgr Bronislaw Dabrowski, the secretary to the conference of Polish missions, the Pope has succeeded in keeping in contact with the Polish Government and church.

It is uncertain, however, with the cloud of secrecy that surrounds the Vatican, how far the Pontiff can directly influence matters in his native land.

West European leaders split with President Reagan over call for a hard line stance against military takeover

West Germans tread warily over sanctions

BY JONATHAN CARR IN BONN

AS IN the case of the Soviet invasion of Afghanistan Bonn again appears to be the most cautious of the European allies in its initial response to the Polish crisis. Thus, the stage might seem to be set for some tough exchanges when Chancellor Helmut Schmidt, at present sunning himself in Florida, meets Mr Reagan at the White House next Tuesday.

However, despite appearances, *there is a good chance that the* Washington talks will pass off quite well, and will concentrate more on world economic prob*lems than on any differences* over Poland. For the Bonn Government has come to the conclusion that the steps announced by *Mr Reagan so far* are "not particularly hard", despite the strong rhetoric from the U.S. which preceded their announcement.

It is also noted that Mr Reagan remains in favour of a summit meeting with Mr Leonid Brezhnev, the Soviet leader, perhaps during 1982, despite his harsh words over Poland.

The West Germans feel that the U.S. steps, taken as Mr Reagan put it "to underscore our fundamental opposition to the repressive actions of the Polish Government against its own people," do not go far beyond Bonn's own position.

True, under one major measure the U.S. is not to renew its Export-Import bank's line of export credit insurance to Poland. But Bonn already feels bound by the terms of a recent declaration by all West German parliamentary parties urging the Government to "leave open" the question of state economic aid to Poland "so long as the repressive measures *there continue.*"

The Government interprets this as meaning — theoretically that—any economic aid already in the pipeline for Poland can be disbursed, but that no new aid will be agreed. In practice, there is almost nothing left in the pipeline anyway. Bonn already has DM 1bn (£232m) *tucked away in its* 1982 budget for Poland — but this sum is to meet the expected bill for guarantees for German commercial bank credits to Warsaw.

On one major point the U.S. is at odds with Bonn, and, it seems, other European Community countries too. Washington has suspended shipments of all Government-sponsored food aid to Poland, although allowing *private deliveries to go ahead.* while the West Germans are determined that all their food aid should proceed.

Given its strong trade, industrial and financial links with the Poles, West Germany would, *in* any case, be far from enthusiastic about imposing tougher sanctions. But it is clear Bonn feels that much more *is now at stake than bilateral* economic ties alone.

Government officials yesterday described the declaration of the state of emergency by General Wojciech Jaruzelski, Poland's leader, as "the very last chance to find an internal Polish solution." A Soviet military intervention, it is pointed out, would bring a freezng of East-West economic ties, suspension of the super-power nuclear weapons control negotiations, an end to the Helsinki security conference process — in short, a new period of cold war and a further twist to the arms race.

West Germany would be especially badly hit because of its particular investment in "Ostpolitik" over more than a decade — above all its efforts to improve ties with East Germany. But it is pointed out that no Western nation would be immune from the consequences.

Top Kremlin official backs imposition of martial law

THE IMPOSITION of martial law in Poland was necessary to avoid widescale bloodshed, Mr Valentin Falin, a top Kremlin official, said at the weekend, reports our Moscow correspondent. This was the highest level comment by Moscow on Polish events in more than 10 days.

Mr Falin, deputy head of the Communist Party's international information department, blamed Poland's turmoil almost exclusively on Western interference. This was in line with other Soviet commentators in the last three days.

Mr Falin, speaking on Moscow television, said Poland had been on the road to normality before the December 13 military clampdown. This process had been hindered by broadcasts from Western radio stations—particularly the Munich-based Radio Free Europe—and other Western intereference.

His remarks, which appeared to be intended to offer an explanation for events in Poland to Soviet Communist Party activists, followed a 3,500-word article in the party daily newspaper Pravda on Christmas Day. The article alleged that Poland had been the target of a long-term *plot by* Western intelligence agencies—mainly the U.S. Central Intelligence Agency—to prise it from the Soviet bloc.

However, there has been on fresh clue to Soviet thinking on events in Poland and how Moscow believes the crisis can *resolve itself.*

Analysts point out that although Moscow certainly had foreknowledge of the military clampdown, it is refraining from total endorsement, presumably indicating an awareness that much could still go wrong for Poland's rulers.

Martial law has halted disintegration, says Jaruzelski

The following is the edited text of *General Wojviech* Jaruzelski's speech broadcast by Warsaw Radio on Christmas Eve.

"*We are celebrating this* year's holiday in particular circumstances, I realise how the rigours of martial law have compli*cated everyday life* and thwarted personal plans. The truth, however, is this: the transitional burdens, rigours and restrictions are decisively a lesser evil than the fratricidal conflict which not so long ago stood on our threshold.

Until the last minute we did not give up hope that the emergency measures would not be necessary, we made many efforts to bring about national accord and implement essential reforms through legislative processes, no one has the right to accuse the government of striving for confrontation.

I believed that a way to a compromise out of the dangerous crisis would be found. But for there to be accord there has to be goodwill among all partners, this goodwill was lacking. We now know who did not display this, who proclaimed confrontation. The proofs are generally known. They constitute a sad and indelible portion of Polish history.

On December 13 there was no longer any other way out. Let every one of us reply honestly *today in his own conscience to* the question: "Where was Poland going? How long could the country, daily torn by strikes, aflame with tensions and sinking in a climate of artificially fanned hatred, have continued to survive?"

I also direct this question to those foreign circles who, a dozen or so days ago, were still *advising Poles to set to work* and introduce order and discipline. Today the same circles noisly deplore the steps which *were taken to this very end. One* gets the impression that someone is keen on Poland being a country in chaos, an insolvent debtor, the *sick organism* of the continent.

I state with all resolution that the reports of alleged tens or hundreds of fatal casualties, of thousands arrested, held in the frost, beaten up and tortured, are a lie. One cannot hide the truth about Poland in Poland. Sooner or later, it will be known to the whole world.

The introduction of martial law represented a profound shock for the whole of society. We did not want as much as a single drop of blood to be shed. We counted on that. Unfortunately, we did not succeed in avoiding that. We all grieve *over the events that took place* at the Wujek mine.

Citizens: The process of disintegration of the state has been *halted. An end has been put to* anarchy. The personal security of citizens is improving.

As long as is necessary, we shall demand observance of the severe orders of the martial law. At the same time, I declare that this state of martial law will not be in force one hour longer than necessary.

In the near future we shall present a programme of our intentions to the community. Its purpose will be to make permanent the fundamental socialist achievements of the working class, peasants and all the working people, including the preservation and improvement of those positive changes which have appeared in our public life in the last dozen or so months.

It is difficult today to ask for the credit of confidence. Let deeds and not words support us. We shall resolutely, step *by step, create institutional* guarantees so that never again can there be a repetition of the evil and distortions accumulated *before August 1980.* But also so that the threats which the recent period brought should not be able to return.

In our socio-economic system there is room for self-managing and really independent trade unions — independent of the state employer but also independent of the manipulations and terror of irresponsible politicos.

There is room for workers' self-management. The rich variety of forms of social, scientific and cultural life is not contradictory with the intentions of the authorities.

Reuter

Nato brush off for U.S. plea to hit Polish rulers

BY JONATHAN CARR IN MUNICH

THE U.S. has hit an awkward impasse with its Nato partners over the Polish crisis, obtaining *only limited* agreement on joint action to penalise the Jaruzelski regime for its martial law crackdown.

There is no *consensus at all* on allied sanctions against the Kremlin, which Washington views as the malevolent guiding hand behind events in Poland.

The Reagan Administration's increasingly hard line approach has also been thrown slightly off balance by public and private statements coming out of Moscow and Warsaw over Christmas.

President Reagan said he had received a "negative" reply from President Brezhnev to his December 23 televised warning that the Soviet Union would pay "dearly" if repression in Poland continued. But the Brezhnev reply was not so negative as to prevent Mr Reagan from holding out the prospect of a summit between the two leaders in 1982.

Equally Mr Reagan's announcement of several immediate, minor steps against the Polish Government in the trade and credit field, was followed 24 hours later by General Jeruzelski's Christmas Eve adress, wdhich Mr Alexander Haig, the U.S. Secretary of State, conceded was "extremely moderate in tone." He said it suggested a chance of reconciliation and that some retention of the Solidarity reforms were possible.

With discouraging reports from Poland still coming in, the U.S. Administration was yesterday still publicly sticking to its threat to escalate sanctions, Mr Lawrence Eagleburger, the Assistant Secretary of State for European Affairs, said decisions would be made in the next few days on possible U.S. ceonomic and diplomatic actions against the Soviet Union.

Mr Walter Stoessel, the under secretary of state and former ambassador to Poland, said at the weekend there was "a sense of urgency" in the Nato alilance and "a good prospect" of a unified stand by the allies.

But according to official travelling with Mr Eagleburger to Nato capitals last week, the U.S. received a dusty rebuff from the allies on proposed steps against the Soviet Union *and agreement only on joint* action against the Polish Government in three limited fields These are:

● A halt to further Western Government export credits to Poland. Given Poland's parlous finances, this was likely anyway.

● Poland's Western Government creditors will go ahead with their planned January 14-15 meeting, but only to review the overall situation and not to discuss any 1982 rescheduling of Poland's official debt. This is the logical consequence of Poland's failure to reach a rescheduling accord with private Western banks.

● Humanitarian or food aid can continue to Poland, but allies will monitor shipments to see they are not taken by the army or used as a political tool by the Warsaw authorities.

Officials on the Eagleburger trip say they were heartened by the "positive" reaction to possible allied sanctions from the *French Government, which* they put down to its "strong ideological" links with the Solidarity movement. Britain and Italy were sympathetic but offered no concrete backing to U.S. proposals for action against the Soviet Union. West Ger*many was downright hostile to* any such action at the moment.

Mr Reagan had already been informed of the lack of allied *backing for action against the* Soviet Union when he drafted last week's speech, but went ahead anyway.

The reason is that Mr Reagan is being pushed hard at home. The Polish-American community—strong in most big U.S. cities and enormous in Chicago—is crying out for tough U.S. action. Its response has been fuelled by the defections of the Polish ambassadors in Washington and Tokyo.

Iraq reopens pipeline through Syria to Lebanon terminal

BY IHSAN HIJAZI IN BEIRUT

IRAQ HAS resumed piping crude oil to the Lebanese Mediterranean coast after an interruption of about six years and 20,000 tons have reached the Tripoli terminal since pumping began over Christmas.

Mr Mohammed Yousef Baydoun, the Lebanese Minister of Petroleum and Industry said *loading will begin today. An* Iraqi tanker, the 125,000-ton Al Qadisiyah, has already docked at Tripoli, and another is ex*pected soon.*

The crude is carried to Tripoli from Iraq's northern oil fields via the 560-mile pipeline *which passes through Syria.* Only 15 miles of the pipeline go through Lebanese territory.

Pumping to Syria's Mediter*ranean terminal of Banias had* resumed earlier. Some 200,000 barrels of crude a day are being pumped to Banias. A *similar quantity is expected to* be pumped to Tripoli, and Lebanon will keep 35,000 barrels of this for its own consump*tion.*

The flow of Iraqi petroleum to Lebanon was interrupted because of the Lebanese civil war in 1975. *Pumping to Syria* went through occasional stoppages, first because of conflict on transit royalties and later as a consequence of the Gulf war.

Iraq now pays Syria U.S. 33 cents per barrel in transit royalties. It is expected to pay *3.11 cents per barrel to Lebanon.*

Pumping to the Tripoli terminal is expected to raise total Iraqi crude exports to about 1.3m barrels per day (b/d). Since the war with Iran broke out in September of last year, Iraqi exports have been confined to the two pipelines to the Mediterranean. The second pipeline terminates on the Turkish coast.

Before the Gulf war, Iraqi crude exports were in the neighbourhood of 4m b/d.

AP reports from Beirut—*Mr Abdel Moneim Samirrai Iraqi* Deputy Oil Minister says his country is negotiating the construction of a new pipeline to *move its crude oil across* neighbouring Saudi Arabia to an oil shipping terminal in the Red Sea. The 745-mile pipeline *would link Iraq's southern* Romaila oilfields to a terminal at Yanbu in eastern Saudi Arabia.

Qatar expected to sign pact

QATAR IS expected to be the second Gulf state to sign a *security pact with Saudi* Arabia before the January meeting in Riyadh of Interior Ministers of the Gulf Cooperation Council States, *Mary* Frings writes from Bahrein.

India extends invitation to foreign oil seeking groups

BY OUR NEW DELHI CORRESPONDENT

THE INDIAN GOVERNMENT is to ask foreign oil companies to make a second round of bids for rights to explore and develop oilfields on the continental shelf.

The response to the first round was poor. Only one foreign company—Chevron Overseas Petroleum of the U.S.—has been awarded an offshore block, called Saurashtra 2, on the *western continental shelf.* Talks are being held with Pemex of Mexico and Deminex of West Germany concerning two other blocks.

The second round is expected to attract firmer bids because the public sector Oil and Natural Gas Commission has *found oil in* two new fields in the southern Continental Shelf.

As oil has been found in areas other than the western continental shelf, where most of the first round bidding was done, the Government has decided to open the same blocks to foreign oil companies.

● Continental Oil of Indonesia has discovered a "highly significant" gas deposit in the Natuna offshore area. It has *an estimated open flow of more* than 325m cu ft a day from five separate zones, Pertamina, the state-owned oil company said.

Reuter reports from Peking: China has produced an estimated 101m tonnes of crude oil this year, according to the New China News Agency. The figure is almost 5m tonnes lower than last year.

India and Pakistan to meet on 'no war' pact

BY K. K. SHARMA IN NEW DELHI

INDIAN and Pakistani Foreign Ministers are to meet in January to discuss the proposal for a "no war" pact between *the two countries, the first* such talks to be held on such a pact since it was first proposed by the late Mr Jawaharlal Nehru in *1949.*

Officials in New Delhi said that the meeting could lead to "meaningful" discussions on normalisation of relations between India and Pakistan, which have gone to war three times since they achieved independence in *1947.*

An invitation to the Pakistan Foreign Minister, Mr Agha Shahi, to visit New Delhi was issued last week by India's Minister for External Affairs, Mr P. V. Narasimha Rao. The response from Islamabad to this was "positive" and hence an early meeting is certain.

One reason for the Indian invitation was to assess Pakistan's seriousness about the pact proposal which was *recently stated by Pakistan's* President Zia ul-Haq. Doubts about this arose in New Delhi because the renewal of the proposal was made when the Pakistan President was justifying the acquisition of large quantities of sophisticated weapons from the United States.

In an aide memoire, which accompanies the invitation to *Mr Shahi, the Indian Govern*ment is thought to have pointed out that India is willing to sign a "no war" pact provided suit*able arrangements could* be made on the volume of arms needed by both sides for genuine defence purposes and that these *should not be dispro*portionate to either country's needs.

India also wants assurances *that disputes will be settled* bilaterally and peacefully and that Pakistan will follow a *policy of non-alignment.* This would be to ensure that Pakistan does not raise the Kashmir issue at international forums.

India is also thought to have said that this should be preceded by a step-by-step process towards normalisation of rela*tions between the two countries.*

India is seeking the creation of some kind of institutionalised machinery for the discussion and settlement *of* disputes with Pakistan before a "no war" pact is signed. Pakistan's early response to the invitation is *said to be positive.*

● A seven-member ministry headed by Mr K. Karunakaran of Prime Minister Indira Gandhi's Congress (I) Party took office in the southern state of Kerala yesterday, ending a long *spell of communist rule.*

This change is considered to be a major political gain for Mrs Gandhi who is trying to cap*ture all the states where her* party is not in power.

The coalition headed by the Marxist wing of the Communist Party was forced to resign about two months ago when its partners withdrew support. Since then, the Congress (*I*) has been trying to form the Government with the help of other non-Marxist parties.

Begin explains annexation in note to Egypt

CAIRO—Egyptian President Hosni Mubarak of Egypt (above) yesterday received a message from Prime Minister Menahem Begin of Israel explaining his decision to annex the Syrian Golan Heights.

The note, presented by Mr Moshe Sasson, the Israeli Ambassador, also reaffirmed Israel's commitment to withdraw from the remaining part of Sinai by April 25 in accordance with the Camp David *peace accords.*

The message was sent in reply to a strong condemnation of the annexation by Egypt, *which described the takeover* as illegal and contrary to the Camp David accords.

Meanwhile M Charles Hernu, the French Defence Minister, is due to have talks with President Mubarak during a three-day visit to Cairo starting on December 31 aimed at finalising arms deals.

A contract for the sale of 60 Mirage 2000 aircraft, worth an estimated $2.4bn with spare parts, may be signed during the visit, one official said. Earlier this year, Egypt bought 30 Alpha ground support aircraft and 14 Mirage F-1 interceptors

Reuter

Floods hit French wine regions

BY OUR PARIS CORRESPONDENT

VILLAGERS in the Bordeaux area and in southern Burgundy began to count the cost yesterday of some of the worst floods seen in France for the last 25 years.

The waters of the Garonne and Saone rivers, which have covered roads, isolated villages and cut off people's heating, light and telephones were gradually subsiding, but more rain was feared for the next few days.

President Francois Mitterrand, who visited the two disaster regions at the weekend, *said the Government* was ready to provide further relief in addition to the FFr 200m (about £20m) already earmarked.

The authorities have meanwhile reached a special agreement with insurance companies to extend the scope of their normal cover. The damage is such that a full assessment of the cost is thought likely to take three months.

In the valley of the Garonne, the river on which Bordeaux stands, initial estimates of the cost to private property alone stand around FFr 135m. The army was yesterday working on provisional dykes in case of further flooding.

In the region around Macon, *in the southern part of the* Burgundy wine belt, some 60,000 acres have been under water, and three people have drowned. Although access to most villages was re-established on Sunday, some hamlets could still only be reached by boat.

Diana Smith adds from Lisbon: In a tragic turnaround from a year-long drought, at least 20 people were killed in northern Portugal when a violent rainstorm and flash flood caused the collapse of a cafe on Sunday. Yesterday telecommunications between the north and south were cut for several hours.

Since the drought broke in mid-December, there have been many torrential storms in the north and centre, further harming agriculture. Sr Basilio Horta, Minister of Agriculture, has estimated that Portugal will have to import 74 per cent of its requirements in food and fodder this year.

Questions remain after Paris trial

BY DAVID WHITE IN PARIS

THE WITNESSES have been *heard, the verdict passed, the* accused sentenced. But the case which the presiding judge billed as the French Watergate has ended inclusively, leaving a trail of controversy about the effectiveness of France's judicial system.

The trial over the murder of Prince Jean de Broglie, once a junior Minister and supporter of former President Valery Giscard d'Estaing's tiny Republican Party, was concluded five years almost to the day after the event, after lasting for 30 days. A former Prime Minister, two former Interior Ministers, a handful of MPs and half the police hierarchy were called to the witness box.

But the trial failed to shed further light on the question that intrigued the French Press: why the authorities failed to react to a police tip-off about the murder. The case *reached the proportions* of a scandal early last year when the French satirical weekly, Le Canard Enchaine, alleged that the *Interior Minister at the time* of the murder, M Michel Poniatowski, another close associate of President Giscard, had known about the tip-off and had afterwards organised a cover-up. M Poniatowski has always denied the allegations.

Judge André Giresse fanned the flames at the start of the trial with an extraordinary statement comparing the case to Watergate, accusing the police of not doing their job, declaring that justice had been flouted and blaming M Poniatowski for "lying by omission."

Much to the frustration of the Press, the case was in the end taken no further from where it stood five days after the murder, when M Poniatowski declared it "sewn up."

M Pierre de Varga, a businessman, M Guy Simoné, a police detective, an dM Gérard Frèche, a small-time crook, were each sentenced to 10 years *jail,* for respectively ordering, arranging and carrying out the Christmas Eve shooting. The fourth defendant, M Serge Tessedre, a butcher, got five years for acting as go-between.

The sentences were much milder than those demanded by the public prosecution, who had sought 20 years for the first two men. The men have already spent five years in prison awaiting trial.

Le Monde, which got into legal trouble with the Giscard Administration for its attacks on the judicial system, said it *was "a trial of dupes"* which had failed to go into the dark recesses of the case.

Nato general on trial, say kidnappers

By Our Rome Correspondent

ITALY'S Red Brigades terrorists say they have started the "proletarian trial" of General James Lee Dozier, the U.S. staff officer they kidnapped at Verona on December 17.

So far, police appear to be no nearer finding the hide-out where the terrorists are keeping him, despite the arrest of three *senior Red Brigades members* before Christmas.

A terrorist communique, the *second in the current operation,* was found in Milan on Sunday night. It contained photographs of Gen Dozier, posed according to Red Brigades tradition, against a flag and holding a placard. Gen Dozier is Deputy Chief of Staff at the Nato Southern Europe land forces HQ.

Montage

However, experts think the photograph may be a montage *based* on a picture of the general taken some months ago, which raises questions as to whether he is still alvie.

The three arrested Red Brigades members, two of whom are women, are said by police *to be important in the organisa*tion, but not apparently directly connected with the Dozier kidnapping. There other suspected terrorists were arrested at the Aosta border post with France on Christmas Eve but so far no information about them has been disclosed.

The kidnapping has aroused considerable concern among diplomats *and foreign* Nato personnel, because the Red Brigades have not previously struck at foreigners.

Cheysson in Greece for talks

M CLAUDE CHEYSSON, the *French Foreign Minister*, has begun talks with Greek Government officials on bilateral and international issues, Victor Walker reports from Athens.

M Cheysson has had a first round of talks with Mr Ioannis Charalambopoulos, his Greek counterpart, and is also scheduled to call on Mr Constantine Karamanlis, the President, and Mr Andreas Papandreou, the Socialist Prime Minister.

The talks are expected to cover differences of opinion between the Athens and Paris governments on Greece's desire for a special status with the Common Market, and its opposition to the participation of four EEC countries in a multinational peace-keeping force in the Sinai Peninsula.

Also expected to be raised is Greece's attitude towards developments in Poland, which it has condemned in far milder *terms than those used* by France.

Greece is interested in diversifying its sources of supply of weapons and in promoting foreign investment by other EEC members, and both questions may be raised during the talks.

The arms diversification is linked with Greece's desire to work out a special relationship with Nato, similar in many respects to that enjoyed by France.

Reuter

Sakharov ailment

Soviet dissident Mr Andrei Sakharov, who recently staged a 17-day hunger strike, has suffered palpitations similar to a heart attack, his wife said yesterday, Reuter reports from Moscow. She said he suffered the palpitations last Tuesday and Saturday. Mr Sakharov left hospital on Christmas Eve.

W. German 'growth'

The West German economy may grow a real 4 per cent in both 1983 and 1984, the IFO economic research institute said yesterday, Reuter reports from Munich. Inflationary pressures should weaken in 1982, encouraging lower interest rates and providing a good basis for economic growth.

Italy's GDP falls

Italy's gross domestic product fell by 1.6 per cent in real terms in the third quarter of this year after a 1.2 per cent revised second quarter fall according to provisional figures from the National Institute, Reuter reports from Rome.

Philips ready to build industrial city in China

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, THE Dutch electrical group, may participate in the construction of one of four new industrial cities to be built in China. The company has signed a preliminary agreement with Gordon Wu Associates, one of development companies, to supply electrical and electronic systems for the venture.

An industrial and commercial city of more than 1m people is to be built in the Shumchun valley on Hong Kong's northern border. It will form one of four planned tax-free export zones which Peking plans to build. Work on the project is expected to take 20 years.

Philips refused to place a value on the potential order and described reports that it was worth Fl 5bn (£1bn), of which half would be for the Dutch company, as "purely speculative."

Philips and Gordon Wu, a subsidary of the Hopewell Holdings group, have agreed in principal to establish United Contracts Limited. The new company will work closely with a Philip's subsidiary Enter-engineering Eindhoven.

United Contracts will desgin, supply and instal the electrical infrastructure, including a telephone network, cable television system and power and water supplies. It will also design hospitals, a broadcasting centre, theatres and other cultural amenities.

China plans to produce complete industrial finished products in the four export zones. It is not yet clear when work on the Shumchun project will begin.

● Hopewell Holdings plans to build a toll road linking Canton, Macao and Shenzhen near Hong Kong at a cost of about Yuan800m (£245m), Reuter reports from Peking.

The China Daily confirmed statements made in Hong Kong earlier this month by Mr Gordon Wu, general manager of Hopewell, quoting him as saying construction of the 240 km expressway will begin next year and be completed in 1985. Hopewell will provide all finance, and Guangdong the land and labour except for some specialised requirements.

He said it will take 10 years for initial investment plus interest to be recovered, after which 25 per cent of net earnings will go to Hopewell and 75 per cent to Guangdong province.

ECGD seeks extended cost escalation cover

BY OUR WORLD TRADE EDITOR

PARLIAMENT WILL be asked to extend the cost escalation cover operated by the Export Credits Guarantee Department (ECGD) for a further year from next March. But the nature of the cover is being changed.

The scheme provides British companies with cover against cost increases in the UK when they are producing goods for capital projects overseas.

The power to give such cover is renewed by Parliament on an annual basis, and Mr John Biffen, the Trade Secretary, has told the Commons that the Government will seek a further extension.'

The desire for an extension is consistent with the Government's policy of supporting a more vigorous approach to the winning of project business. The scheme hase been in place since 1975 and has so far covered 26 guarantees with a total contract value of over £1bn.

ECGD is presently negotiating with companies for cost escalation cover on contracts with a total value of over £600m.

But the scope of the cover is to be changed, reflecting presumably both the inflation of values and the need of the ECGD to trim costs in the face of a deteriorating financial position.

The minimum contract value for which the cover will be applicable is to be raised to £5m from £2m. Where the contract involves a number of individual units of equipment, the qualifying value of each unit is being raised to £1m from £500,000. These changes came into effect just before Christmas.

World Economic Indicators

TRADE STATISTICS

		Nov. '81	Oct. '81	Sept. '81	Nov. '80
UK £bn	Exports	4.765	4.550	4.459	3.963
	Imports	4.739	4.184	4.446	3.801
	Balance	+0.026	+0.366	+0.013	−0.162
Japan U.S.$bn	Exports	11.69	13.17	13.023	10.837
	Imports	11.82	10.26	9.767	10.292
	Balance	−0.13	+2.91	+3.256	+0.545
		Oct. '81	Sept. '81	Aug. '81	Oct. '80
W. Germany DMbn	Exports	37.74	34.41	28.14	32.00
	Imports	32.40	30.92	28.20	30.30
	Balance	+5.34	+3.49	−0.06	+1.70
France Frbn	Exports	49.22	49.90	53.24	42.16
	Imports	55.57	57.50	53.40	46.65
	Balance	−6.35	−7.60	−0.16	−4.49
Italy Lirebn	Exports	8,632	8,406	6,337	5,167
	Imports	9,042	10,506	7,381	7,511
	Balance	−410	−2,154	−1,004	−2,344
USA $bn	Exports	19.04	19.65	19.05	19.21
	Imports	24.31	21.23	23.53	20.35
	Balance	−5.27	−1.58	−4.48	−1.14
		Aug. '81	July '81	June '81	Aug. '80
Netherlands Flbn	Exports	12.676	14.041	15.037	10.512
	Imports	13.094	14.037	15.767	11.472
	Balance	−0.418	−0.004	−0.730	−0.960

THE RENEWAL OF THE MFA

East-West tensions high despite accord

BY ANTONY MORETON IN LONDON AND BRIJ KHINDARA IN GENEVA

WHAT HAS emerged from last week's renewal of the Multi-fibres Arrangement (MFA) on world textile trade is an agreement that will satisfy none of the main participants — the EEC, the Third World and the U.S.

The compromise agreement, concluded after five weeks of talks in Geneva beginning November 18 has frustrated the aspirations of the low-cost suppliers, mainly in the Far East, who were seeking more liberalised access to the markets of the industralised West, nor does it allay the fears of the West, particularly the EEC, which has seen more than 1m jobs lost within the European textile industry over the past decade.

The MFA is the framework within which 80 per cent of world trade in textiles and garments is conducted. It was drawn up in 1972 and 1973 and was intended to allow the Third World countries to increase their supplies to the West at the rate of 6 per cent a year.

Even before the first MFA could start on January 1, 1974, the October, 1973, Arab-Israeli war had led to the oil crisis that was to sow the seeds of world depression. With the onset of recession the hopes for giving the Third World more assured outlets at the same time as allowing for the re-organisation of Western textile industries all-but collapsed.

The protocol that renewed the MFA for four years in 1978 acknowledged this and the 6 per cent growth target in practice disappeared. The second protocol, just initialled, which still has to be accepted by the EEC's Council of Ministers on January 25, further tightened the screw on the low-cost countries. But it has not tightened it sufficiently for a shell-shocked Europe which sees another 130,000 jobs being lost as a consequence of the compromises.

Although the next protocol is tighter it does not meet the demands of Europe in one vitally important respect. The quotas of goods which can enter each Western country in 1983 *from each supplier will be based* on 1982 imports rather than those in 1980, as the EEC demanded.

The MFA and its protocols are merely a legal framework. Within this frame work each importer can negotiate a year's supply of goods with each supplying county. These are called the bilateral agreements.

The West wanted the 1983 bilaterals to be based on imports in 1980; the Far East wanted them based on treaties already negotiated for next year — and on this point they won.

What this means can be seen from the example of imports to the EEC from all suppliers of men's and boy's suits. Imports in 1980 amounted to 949,000: the 1982 quota is 1.44m, some 52 per cent higher.

Other main points from the protocol are:

Length: This MFA will last for four years and seven months instead of four years. This was an "adjusted" compromise. The West wanted a five-year protocol, the Far East four years, but they compromised on four years, six months. Then, it is reported, Pakistan asked for a month's extension because the end of June coincided with a religious holiday.

Dominant suppliers: the three main suppliers — Hong Kong, South Korea and Macao, together with Taiwan which (as a non-country) is not a signatory to the MFA, have agreed they will negotiate a reduction in their quotas.

This is an important concession. It means that part of the share which these countries have in markets in Europe and America can now be reallocated to small developing countries, such as Sri Lanka or Indonesia, without Western markets being flooded with cheap goods.

Growth Rates: It has been agreed that growth rates for the most sensitive products, such as cotton yarn *or trousers, will be* "positive zero" — that is about 0.1 per cent. The overall growth rate for all the products covered by the MFA will be lower than before, an important concession to the West though it does not meet all their demands.

Growth of imports in future will, therefore, be more closely *aligned to the rise in gross* domestic product in each country. This means it will probably be under 1 per cent a year rather than just over as at present.

Fraud: This is the procedure by which goods are invoiced from one country when they actually come from another. It is a means of getting round the bilateral quotas. No agreement has been possible on this and it is to be discussed later.

Global ceilings: These are still to be agreed.

The U.S. position on the MFA was crucial to any successful renewal of the arrangement. The U.S. occupied a relatively central position between the liberal trade demands of the Third World and the protectionism sought by the EEC throughout most of the talks. But in the last week of negotiations, President Reagan ordered a strengthening of the U.S. role, moving it closer to the Community.

Although the U.S. did not go as far as the EEC in seeking Third World export cutbacks, it obtained a paragraph in the protocol permitting lesser flexibility in the us eof export quotas.

A major gain for the Third World was the creation of a new group of experts under MFA sponsorship to examine whether industry in Europe and the U.S. was being restructured to meet the challenges of Third World competition and new technology.

The group's creation is important because in seeking the original MFA the industrialised nations pledged to use the arrangement only as a breathing space to sthengthen their industries. The so-called pause trieswill have stretched to more than 12 years when the extended MFA expires, and exporters now want to see proof that European and U.S. companies are not using the MFA as a device to expand their market shares at the expense of developing countries.

EEC and British textile industry officials say the new MFA does not adequately protect their domestic industries.

M Camille Blum, secretary-general of Comitextil, the European textile industry organisation, said the arrangement would allow foreign producers to claim compensation if the EEC intervened to limit the extent to which imports of a particular commodity rose. This compensation could take the form of higher sales of other textile goods on to the EEC market.

Mr Norman Sussman, British Clothing Industry Chairman, argues that "the battle to achieve realistic levels of trade in the coming years has simply been postponed and will have to be fought long and bitterly in bilateral negotiations."

Dunlop pulls out of palm oil plant in Philippines

BY EMILIA TAGAZA IN MANILA

DUNLOP INTERNATIONAL of the UK has withdrawn from a $45m palm oil plantation project in the Philippines. The withdrawal was prompted by resistance from residents near the project site.

The project was a joint venture with National Development Corporation (NDC), the investment arm of the Ministry of Industry. The venture was set up in March and Dunlop's initial commitment was a phased investment of $6.6m, none of which has been spent.

NDC said development of the plantation was first suspended in August when residents of towns in the area, fearing dislocation, filed formal protests against the project.

This was confirmed by Dunlop in London which said there had been problems with title to the land and that the group had reached the stage where "enough is enough".

In the background, however, has been the sale of Dunlop's plantation interests in Malaysia to Multi-Purpose Holdings, a Chinese Malaysian company.

NDC said that events in Malaysia may have caused Dunlop to withdraw from the Philippines. But Dunlop said that "just because we've sold it in Malaysia, it doesn't mean that we are not interested in plantations".

Shippers boost demand for efficient engines

BY ANDREW FISHER, SHIPPING CORRESPONDENT

ONE THING the bleak shipping year of 1981 has done is to reinforce shipowners' desires for engines that are cheaper to run, a demand which major engineering companies around the world are trying hard to meet.

Adopting a sceptical tone, however, H. P. Drewry (Shipping Consultants) questions whether newer fuel-efficient engines really are a profitable buy in the present depressed market conditions.

"The irony," said Drewry in its latest monthly report, "is that a strong market is needed to allow 'economy' designs to be profitable." Before the new generation of Panamax bulk carriers can come into their own, the market must show a steady recovery.

Drewry's remarks comes as Sulzer of Switzerland has announced its new generation of more economic engines which will be in production in around two years.

Noting that new vessel prices have *gone up in the spate of* ordering which followed the revival in freight rates from late 1979, Drewry said current lower bunker prices would reduce the advantage of lower fuel consumption.

Owners of new Panamax ships — the largest able to traverse the Panama Canal — would appear to be the main victims of the market downturn, added Drewry.

New Soviet gas order for UK

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE STREAM of supply contracts to British companies for the 5,000 km Siberia-West Europe gas pipeline has continued with the £20m order awarded to Plenty, the Newbury member of the Booker McConnell group.

The order is for fuel gas conditioning facilities to be used at all the 41 compressor stations along the line. These facilities take gas out of the pipeline and prepare it for combustion to power the turbines.

Plenty will both design the systems and make the equipment. The company has two divisions — one which makes items of equipment and a second which sells process equipment packages.

This manufacturing capacity proved decisive in winning the contract from Machinoimport, the Soviet buying agency. Plenty systems are in use on another Soviet pipeline and the company was already acquainted with some of the Soviet negotiators.

In the last analysis, Plenty was competing against KTI, a contracting company bidding out of London and Rome. KTI does not, apparently have its own manufacturing capability.

There were seven initial competitors for the contract, including Petrogas of the Netherlands, Wagner Biro of Austria and Sudruhrbau of West Germany.

Detailed negotiations between Plenty and Machinoimport began last August and were concluded just before Christmas. Before that Plenty had been seeking to establish a presence with the companies which eventually won the management contracts

Its technical discussions were held with these companies, who have signed its contract—the Creusot-Loire-Mannesmann of France and West Germany, and Nuovo Pignone of Italy.

But the financial discussions were held with Machinoimport, which is paying for the equipment through a credit line Morgan Grenfell of London has opened with the Bank of Foreign Trade in Moscow.

This line of credit also covers geenrating sets being supplied by Ruston Gas Turbines in a £29.7m deal. Other British contracts for the pipeline cover turbines and spares to be provided by John Brown Engineering and computer con-Computers.

BAe gets go-ahead for £150m space deal

Financial Times Reporter

BRITISH AEROSPACE, space and communications division, has received the go-*ahead for the construction of* L-SAT 1, the first of a class of large satellites that will be among the most powerful now in use.

The award, worth £150m, has been made by the European Space Agency, representing the contributing governments of seven European nations and Canada, whose industries will take part in the joint development and production of the satellite, with the prime deals going to BAe, which has been the prime contractor for all European space agency communications satellites to date.

BAe will be leading a team of co-contractors and sub-contractors from all the nations involved.

L-SAT will demonstrate its ability to provide television programmes direct to the home, to provide business communications between small earth stations installed on commercial premises, and to show the advantages of new communications in higher frequencies than those used before. It could lead to the development of a new communications market that is expected to need over 150 satellites of the L-SAT class in the years to the end of this century.

Mexican steel plant contracts

By William Chislett in Mexico City

MEXICO has awarded a $200m contract to a consortium of Japanese companies and a U.S. company to provide arc furnaces and engineering for the Government's major steel expansion project at Lazaro Cardenas on the Pacific Coast.

Nippon Kokkan is to supply four electric arc furnaces and Pullman-Swindell of the U.S. is to supply basic engineering for the Sicartsa project.

The Mexican Government has now awarded most of the contracts for the Sicartsa mill.

Davy Loewy, the manufacturing arm of Davy Corporation, Britain's biggest engineering contractor, won the $607m steel mill contract

8m fewer days lost through strikes

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S TOTAL of working days lost through strikes this year has fallen to under a third of last year's figure of 12m days.

The total days lost in 1981 is likely to be between 3.75m and 3.85m. The variation will depend on the total number of days lost during the two disputes at BL during November. Official provision figures for last month will be published by the Department of Employment this week.

The total for 1981 compares with 11.96m days lost last year—which showed a sharp fall from the record 29.47m days lost in 1979.

This means the total is the lowest since 1967 when 2.78m days were lost.

This does not include 1976, when 3.28m days were lost. The year has always been regarded as an aberration compared to the rest of the decade. They are generally attributed to the effect on industrial militancy of the social contract between the unions and the Labour Government.

The Government is likely to draw comfort from the publication next month of the provisional figures for December's strike activity. Ministers will see them as a further indication of workers' unwillingness to take strike action in the face of an unemployment level close to 3m.

BL's corporate plan, published last week, puts the number of days lost through its two-day strike at the beginning of the month at about 112,000, and the number lost through the four-week shorter working time dispute at Longbridge, which continued into December, at about 150,000.

This could bring the total for the month to about 350,000—a sharp increase on the October figure of 294,000. However, different methods of calculating the figures could reduce this to below October's total.

Strike figures for December are traditionally low. In the past three years they have shown two falls from the November figure of two-thirds, and one of about three-quarters. Whitehall officials expect the minimal amount of strike activity this month to have little impact on the figures for the year.

Just as last year's figures reflected the impact of the 13-week national steel strike, which accounted for about 8.8m days, and the figures for 1979 the impact of the 1978-79 "winter of discontent," so the 1981 total has been pushed to its present level by the 21-week strikes in the Civil Service.

The estimated total of about 850,000 days lost through the five-month pay dispute in the Civil Service accounts for more than a fifth of the overall total for the year.

If the effects of this stoppage are excluded, the total for 1981 would be even lower than 1976.

Refuse truck makers 'face spending cuts crisis'

By John Griffiths

FORCED spending cutbacks by local authorities are claimed to be precipitating a crisis among the manufacturers which supply them with specialised vehicles such as refuse disposal trucks.

Shelvoke and Drewry, whose Letchworth, Herts, factory provides about a third of such vehicles, has become sufficiently concerned to send a delegation led by its managing director, Mr Fred Hooson, to Westminster to press for an easing of public spending restrictions.

Shelvoke, which has been building commercial vehicles since 1922, says the market for municipal vehicles this year is falling from about 1,250 to between 800 and 900. The drop in demand has meant that its own work force has had to be cut to 650, from 1,100 two years ago.

"We have cut back sufficiently to be able to cope with the current level of demand. But without a fresh stimulus the business available is likely to drop by a further 10 per cent—and that will certainly see some of the companies in the business going to the wall," according to Shelvoke's marketing directors, Mr Tom Brannan.

To the depressed UK situation must be added a deteriorating export position for the industry. Shelvoke still exports 25-30 per cent of its output, but traditionally strong markets in the Middle East have come under pressure, until recently, from the strength of sterling, and from increased competition from overseas manufacturers.

Mr Brannon said the Shelvoke delegation had received a good reception at Westminster from its MP, Mr Lan Stewart, Tory member of Hitchin, who undertook to suport a search for contracts in other UK and export areas.

Nevertheless Mr Brannan conceded that he was sceptical about municipal vehicles invoking a government U-turn on their own.

Warning on roads neglect

A SURVEY of Britain's roads has revealed an "appalling catalogue" of deterioration and neglect.

The severe winter conditions are placing an even greater strain on the crumbling local road network, according to the British Road Federation.

Its document, compiled from reports of county highway authorities, concludes that roads will deteriorate further unless urgent action is taken.

Despite the worsening conditions of roads, and the added damage and expense of this month's snows and severe frosts — the worst for 30 years —maintenance funds continue to be reduced.

"As a result, our neglected roads are teetering on a knife edge," the federation says.

"A continuing series of spending cuts has removed the safety margin in road structure and left little in county treasuries to cope with unexpected emergencies.

"Road maintenance has been subject to restricted funds much longer than other budgets. Next year we will spend 20 per cent less on maintenance, in real terms, than in 1975-76."

The County Surveyors Society, in a recent report, commented: "There is a general worsening of the structural condition of our roads."

The Government's own survey disputes these findings

BMW prices to rise by average 3%

By Kenneth Gooding

THE PRICE of BMW cars will rise on January 1. The company says the increase will be an average 3 per cent across the range. It is heavily weighted, however, against the smaller 3 series models. These prices will rise by 7 per cent (5 per cent for the automatic 320).

The five-speed overdrive gearboxes, however, previously a £279 option, are now standard on the 320.

BMW announced a standard delivery charge of £160. This compares with nearly £400 previously charged by some London dealers. The delivery charge will include the group's emergency service. This offers free travel home from abroad.

Other price changes are: the 518 rises from £7,265 to £7,595; the 528i from £11,475 to £12,355; and the 732i from £15,181 to £15,485. There is no increase on the 6 series cars.

BMW claims its UK prices have dropped by 18 per cent in real terms over the past two years in spite of the latest increase.

"While inflation has risen by 25 per cent over the past two years BMW prices over the same period have risen by a total of 7 per cent only," said Mr Paul Layzell, sales director of BMW (GB).

New car sales may total 1.48m

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NEW CAR sales should reach about 1.48m in 1981, well up on the industry's forecast of 1.41m at the beginning of the year and only 2 per cent below the 1980 total of 1.51m.

Some people in the industry maintain that the 1981 level of sales was achieved only because of the increasingly desperate marketing methods employed by some manufacturers to keep stocks down to reasonable levels.

BL's performance improved from the disastrous November period when the group accounted for only 15.5 per cent of the market. In December, according to figures circulating within the industry, BL is likely to have achieved 19.5 per cent.

This will give the group a market share of just over 19 per cent for the year as a whole, against the 20 per cent it was looking for.

Ford ended the year strongly with about 34 per cent of total sales in December, giving it roughly 31 per cent of the 1981 market.

The group set itself a very high target of 33 per cent for 1981 but it could not get enough cars from its UK factories.

Even so, both BL and Ford seem to have improved on their 1980 market shares, 18.22 and 30.7 per cent respectively.

Imports were slightly down at around 56 per cent (56.7 per cent in 1980), thanks mainly to Ford's decision to supply more of the UK market from its British factories. In 1980 about half the new Fords registered were assembled outside Britain.

Japanese cars were in short supply in December and this enabled the Japanese to cut sales for 1981 to within the 11 per cent of the market which the British expected in view of the "gentlemen's agreement."

The Japanese market share in 1980 was 11.9 per cent. In 1981 unit sales were around 200,000 below the 1980 level.

Thatcher and Howe to attend NEDC economic debates

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

TWO MAJOR economic debates will be staged in the National Economic Development Council during the next few weeks to enable leaders from both sides of industry to discuss major issues with Government leaders, including Mrs Thatcher.

Ways of increasing private sector investment in public sector buildings projects will be considered at the first of the two meetings on Wednesday, January 6.

The Prime Minister will pay her annual visit to the council early in February, when the main topic is expected to be British investment abroad and foreign investment in Britain. This is likely to provide an opportunity for a TUC attack on Government policies.

With an early Budget expected in March, both the CBI and TUC are likely to take the opportunity of these meetings to argue for measures they believe essential to end the recession and cut unemployment.

On January 6 the council will consider a paper by Sir Geoffrey Howe, Chancellor of the Exchequer, who is likely to urge lower levels of pay increases.

He will also try to extend the debate to relative pay levels and is expected to ask the CBI and TUC to consider how greater flexibility can be introduced in settlements—so that wage levels will reflect the supply and demand for various skills.

He also wants both sides of industry to consider how employee communications can be improved. This will link up with another issue: How ideas from the council's working parties and Little Neddies can be transmitted to the shop floor.

The CBI, which is launching a campaign to improve employee communication anyway, is likely to pledge its support, but the Government will come under attack for its overall economic policies, in particular at one stage on the problems of the construction industry.

A paper circulated to council members raises the question of how more private sector finance can be used for public sector building projects.

The Department of the Environment points out that it has already decided to use such finance for the Government's proposed new international conference centre in Broad Sanctuary, Westminster.

Lotus expects to double its output next year

BY JOHN GRIFFITHS

GROUP LOTUS is to double its output of cars next year and is on course for "a very significant improvement" in its fortunes, says Mr Michael Kimberley, its managing director.

Planned 1982 output of 750 of Lotus's £13,000-£21,000 model range will fall short of the 1,000-plus built in its last boom year, 1979. But it will be far above the 450 built in 1980 and the 380 in its current financial year ending this month.

Lotus's 200 dealers have completed destocking of cars left unsold by the onset of recession early last year. This year they sold an average of 50 a month, against factory output of about 30. Stocks have reached the lowest level in the company's history.

Output is planned to climb from 36 this month to more than 60 by April.

The improvement was in the second half of the year, too late to have a significant effect on financial profit of £461,000 in 1980 and £1.28m in 1979.

Interim figures yesterday gave a pre-tax profit of £28,000, against £314,000 in first-half profits in 1980.

Turnover fell from £7,782m to £4,597m.

The slide in Lotus car sales has been reversed this year both in home and export markets. It sold 128 cars in the UK in the first half, but a further 184 in the five months ending in November. Sales in the U.S., once the main export market, and other overseas outlets have revived with the fall in value of sterling.

The company is fast expanding the contract engineering business, which contributed £8m of the group's £14.28m revenue last year.

By far its biggest contract was to develop the Belfast-built De Lorean sports car.

Since June the number of "outside" customers for development work rose from 11 to 26. Only about half are in the transport industry.

Results, Page 14

OBITUARY

Sir Paul Chambers: former ICI chairman

Sir Paul Chambers

SIR PAUL CHAMBERS, former chairman of Imperial Chemical Industries, Britain's largest industrial group, has died, aged 77.

Sir Paul died in a London nursing home after a long illness. He leaves a widow and two daughters.

Apart from chairing ICI from 1960 to 1968, Sir Paul held several other directorships including National Westminster Bank and the chairmanship of Royal Insurance. He is also credited as the founder of the Pay-As-You-Earn system of income tax in this country.

Sir Paul was a strong critic of the Labour Government of the 1960s and formed the Industrial Policy Study Group in 1967, with other top industrialists of the time to voice collective views on the state of the economy and Government policy.

Stanley Paul Chambers, the son of a City wine merchant, found his way to the helm of ICI through a career in the Civil Service. He was educated at the City of London College and the London School of Economics, where he took a Master's Degree in economics.

His career in the Inland Revenue began in 1927. In 1935 he was a member of the Indian Income Tax inquiry committee and later became the taxation adviser to the Government of India with the rank of joint secretary.

During this time he became a member of the Indian Legislative Assembly and later of the Council of State. For his services in India he was created a Companion of the Indian Empire.

He returned to Britain in 1940 when he was appointed director of statistics and intelligence and assistant secretary to the Board of the Inland Revenue. In 1942 he became secretary to, and a member of, the Inland Revenue Board. For his efforts during this time he was created a Companion of the Bath in 1944. Sir Paul was involved in the negotiations for the comprehensive double taxation agreement between the U.S. and Britain.

Immediately after the last war he took up the post as a chief of the finance division in the Control Commission for Germany before leaving the Civil Service to join industry.

In July 1947 he moved on to the board of ICI and within a year he was finance director. In 1952 he became deputy chairman and on March 1 1960 he moved into the chairman's seat. In many respects it was the start of an exciting new chapter in ICI's history.

Sir Paul steered the giant British group into Europe and then the U.S. It was essentially a long-term programme, the benefits of which did not fully show through until after his retirement. During his time as chairman he launched the unsuccessful takeover bid for Courtaulds, the major textile group. The stalemate was later resolved by a share exchange between the two companies. While at ICI he was an active member of several Government committees.

After his retirement from ICI he was drawn more towards the academic world. He became an Honorary Fellow of the London School of Economics with honorary degrees from Bristol, Liverpool and Bradford. Sir Paul became Pro-Chancellor of Kent University and treasurer of the Open University.

In 1953 he chaired a committee of inquiry into London Transport. He was a part-time member of the National Coal Board from 1956 to 1960 and president of the Royal Statistics Society in 1954-64.

He was created a Knight Commander of the British Empire in June 1965.

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Jan 3-7	Giftware Show (0272 848598)	Truro
Jan 7-17	International Boat Show 1982 (02403 3077)	Earls Court
Jan 9-14	International Toy Fair (01-226 6653)	Harrogate
Jan 10-13	Stationery Industry Exhibition—STATINDEX (01-637 7692)	Grosvenor House, W1
Jan 19-22	Which Computer? Show (01-747 3131)	NEC, Birmingham
Jan 20-27	International Hotel and Catering Exhibition—HOTELYMPIA (021-705 6707)	Olympia
Jan 23-30	Ideal Homes, Food, Trades and Leisure Exhibition (0243 687381)	Winter Gardens, Eastbourne
Jan 24-27	Leathergoods, Luggage and Handbag Fair (01-407 1582)	Kensington Exhibition Centre
Jan 30-Feb 3	British Toy and Hobby Fair (01-701 7127)	Earls Court
Feb 1-4	Photography at Work Exhibition (01-688 7788)	Exhibition Centre, Harrogate
Feb 7-11	International Spring Fair—Gifts (01-855 9201)	NEC, Birmingham
Feb 9-12	Information, Technology and Management Exhibition and Conference—INFO '82 (01-647 1001)	Barbican Exhibition Centre
Feb 10-12	Western Building Show (01-643 8040)	Exhibition Centre, Bristol
Feb 10-12	Ceramic Tile Exhibition and Conference—TILEX (01-450 0466)	Wembley Conference Centre
Feb 12-14	Crufts Dog Show (01-493 7838)	Earls Court
Feb 14-17	International Men's and Boy's Wear Exhibition (021 705 6707)	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

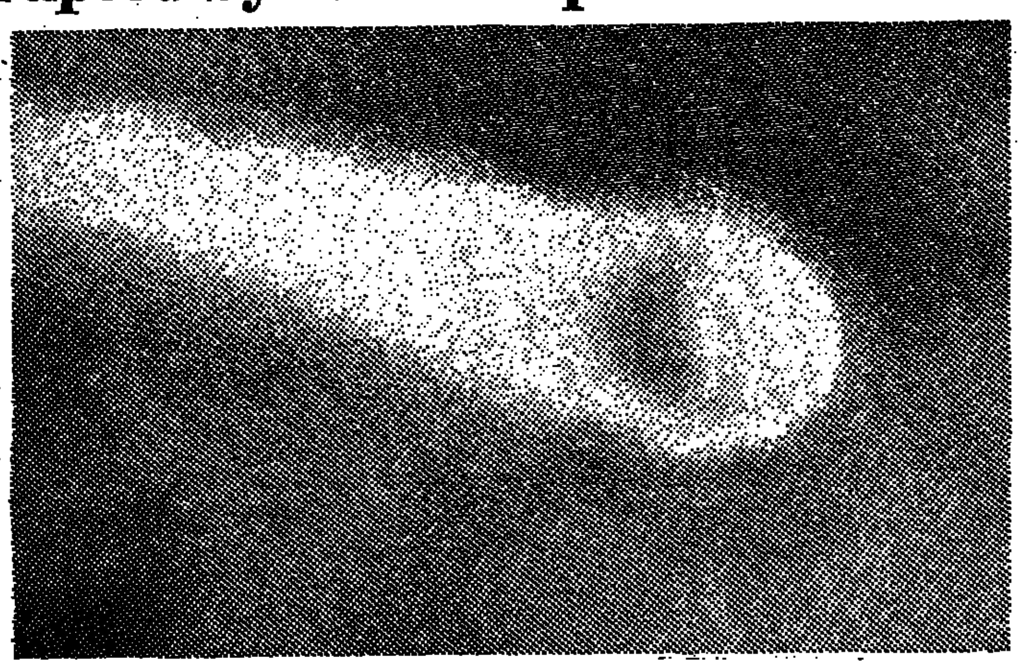
Date	Title	Venue
Jan 8-14	International Showmen's Fair—SCHAUSTELLER (01-409 0956)	Dusseldorf
Jan 11-14	Middle East Food and Equipment Show—MEFEX (01-486 1951)	Bahrain
Jan 14-25	Boat Show (01-439 3964)	Paris
Jan 19-22	Europipe '82—Construction and Maintenance of Pipelines Exhibition and Conference (0727 63213)	Basle
Jan 22-31	International Commercial Motor Show (02298 11 11)	Geneva
Jan 24-28	Middle East Construction Exbn. and Conference (01-935 8200)	Dubai
Jan 25-31	Do-it-yourself exhibition—KARWEI (01-486 1951)	Utrecht
Jan 29-31	International Boat Show (01-486 1951)	Malmo
Feb 5-14	International Boat Show (01-486 1951)	Helsinki
Feb 9-18	Equipment and apparatus for drug production and testing exhibition (01-235 2423)	Moscow
Feb 10-13	International Trade Fair for Household Appliances, Fittings and components—DOMOTECHNICA (01-409 0956)	Cologne
Feb 13-16	International Trade Fair for Watches, Jewellery and Silverware—INHORGENTA (01-486 1951)	Munich
Feb 15-18	Middle East Machine Maintenance, Light Engineering and Handling Show—MEM (01-486 1951)	Bahrain

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Jan 11-12	Institute of Personnel Management: The Secretary in Personnel Management (01-946 9100)	Whites Hotel, W2
Jan 11-13	The University of Leeds: Textile design in the eighties conference (0532 35036)	Leeds
Jan 19-21	Crown Eagle Communications: UK Government Contracts (01-636 0617)	Churchill Hotel, W1
Jan 20-21	FT Conference: World Coal Markets (01-621 1355)	Inter, Continental Hotel, W1
Jan 25-29	London Business School: Management within the law (01-262 5050)	Regents Park, NW1
Jan 25-29	Manchester Business School: The Micro-chip Society—planning for the future (061-832 7972)	Selsdon Park
Jan 27-29	ESOMAR/EFMA: How research can help financial organisations communicate internally and externally (01-251 4549)	Rome
Jan 27-28	Meridian Conferences: Capitalise on Communications (01-670 5400)	Bowater Conference Centre, Knightsbridge
Jan 28	Dun and Bradstreet: More Effective Collection Techniques for Credit Controllers and Supervisors (01-247 4377)	Café Royal, W1
Jan 28	Marketing Society: Media—The Inside Track (01-543 5191)	Piccadilly, W1
Feb 1-2	Metal Bulletin Congresses: Middle East Metals and Minerals (01-633 0525)	Dubai
Feb 1-2	The Institution of Mining and Metallurgy World Oil Mining Symposium (01-580 3802)	Mount Royal Hotel, W1
Feb 2	Oyez: Company Finance for the Executive Secretary (01-242 2481)	Portman Hotel, W1
Feb 3-4	FT Conference: The Seventh Pensions Conference (01-621 1355)	Grosvenor House, W1
Feb 4	IPS: Energy (0990 23711)	Tower Hotel, E1
Feb 9-10	FT Conference: The Euromarkets in 1982 (01-621 1355)	Inter-Continental Hotel, W1
Feb 9-12	Offshore South East Asia Conference (01-546 5144)	Singapore
Feb 10-11	Spearhead Exhibitions: UK Offshore Safety Conference (01-549 5831)	Eastbourne
Feb 15-17	AMR International: Management Skills and Techniques for Women in Business (01-262 2732)	Kensington Hilton Hotel
Feb 16-17	Crown Eagle Communications: Gaining Value from Overhead Costs (01-636 0617)	Hilton Hotel, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Radar disrupted by 'White Sphere'



THE 'WHITE SPHERE' which has been seen in the sky over *certain parts of* central England this week seems to be causing some problems for the RAF.

Their engineers report that several of their new sealed plastic insulators have mysteriously burnt out.

"There seems to have been a massive power surge near Charnwood Forest where a Mrs. Betty Davies claims to have seen a white ball hovering in the sky," stated a senior spokesman.

"My men have already replaced the damaged items and we are laying in emergency stocks of the parts in case of re-occurence."

The insulator parts are British made, and so if it does re-occur, at least one branch of home industry will be kept fully active.

Mrs. Davies of Lenton Lane, Nottingham, reported seeing a white sphere in the sky last Sunday.

TV Rentals firm expect sales boom

TV RENTALS, the television hire company of Leicestershire, are forecasting an unprecedented boom in TV aerial sales.

Apparently, all the occupants of Woodside Avenue, Peatling Magna, have placed new orders with the company today.

The old aerials had all co-incidentally loosened and oddly enough were pointing in another direction.

Mr. Barrie Rogers of TV Rentals said today: "The aerials we fitted in this street when the houses were built by the council three years ago, were of a foreign make."

In future only British made aerials will be supplied by the company.

UK NEWS

Experts agree on modest economic growth next year

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

AN FT SURVEY of 15 forecasts for the UK economy in 1982 shows a remarkable unanimity about prospects for growth, consumer spending and inflation.

The range is indicated by the predictions from the three heavyweight forecasting units: the Treasury, London Business School and the National Institute of Social and Economic Research.

The Treasury predicts 1 per cent growth, which is close to the average for all 15 forecasts. The broadly Monetarist London Business School is characteristically a little more optimistic, with 1.7 per cent.

The National Institute predicts a growth of 0.6 per cent, which is in line with its general pessimism about the effect of current policies on the recovery of national output.

Few of the forecasters expect much change in consumer spending next year, although James Capel, the broker, and Chase Econometrics stand out with their predictions of a fall of about 2 per cent after a small fall in the current year. On average, the expectation is of a small fall of about 0.2 per cent both this year and next.

On inflation, there is a close consensus that retail prices will increase by about 10 per cent (as the Treasury forecasts). Liverpool University's forecast, of 7.6 per cent based on strongly Monetarist ideas, stands out as being more optimistic.

The Liverpool forecast differs from most others in predicting a sharp fall in inflation towards the midlle of the decade, whereas the LBS, for example, expects it to remain at around 10 per cent or a little less.

Precise comparison of the inflation forecasts for next year is not possible as some apply to the annual rate in the fourth quarter of 1982, while others predict the average annual rate for the whole year.

The average, which ignores this difference, would slightly overstate the fourth quarter rate if—as the Treasury expects—inflation goes down again by the middle of next year.

There is also close agreement that unemployment will continue to rise (though at a slower rate) to just less than 3m excluding school leavers. Most of the forecasts, including the three major ones, predict a figure for the third quarter.

However, three give an average for the year and two give a total figure including school leavers.

In computing the average, no allowance has been made for the different periods of the forecasts, but an arbitrary adjustment was made to the totals which include school leavers. The average should therefore be considered as illustrative only.

On the balance of payments current account, the consensus is for a large surplus of between £4bn and £5bn this year (the Treasury says £6bn), falling to between £1bn and £1.5bn next year.

Some forecasters, including the CBI, are pessimistic about the extent to which imports will be sucked in as the recovery gets under way and restocking starts. They are therefore expecting the current account surplus to fall sharply to only about £500m.

The Treasury, although it expects a relatively modest growth of exports, believes the current account surplus will hold up at £3bn. Liverpool is completely on its own in predicting a rise of about £3bn in the current account surplus to £8.5bn.

This no doubt reflects the group's more optimistic view about the speed of economic recovery and the fall in the inflation rate.

All predictions about the balance of payments must, however, be treated with caution even for the current year, because of the disruption of the statistics caused by the civil servants' strike. The most recent export and import figures have also been distorted by new methods for collecting data.

The uncertainties of data may account for the fact that the Cambridge Econometrics forecast for the balance of payments this year is way out of line with the consensus of other forecasters.

One reason may be that the historic series for the current account given in its forecast takes no account of the recent substantial revisions to data by the Central Statistical Office. This group is currently preparing a new forecast.

On the prospects for next year's Public Sector Borrowing Requirement, the main consensus appears to be between £10bn and £11bn, with the Liverpool group once again out on a limb with a prediction of only £6.3bn. This figure also reflects its views about faster recovery, which would increase revenue.

The range of predictions, from Liverpool's £6.3bn to £13.5bn, illustrates the general uncertainties of forecasting PSBR. This is because it is the difference between two very large numbers—for expenditure and for *revenue*—has so many unknown factors.

The Government's plans for a total expenditure of £115bn in 1982-83 was announced at the end of November, before many of these forecasts were compiled. The figure can, moreover, be subject to policy changes during the year as well as the usual hazards of overshooting.

Predictions of revenue are even more hazardous, because they depend on the Chancellor's Budget decisions—yet to *be taken—as well as assumptions* about real growth, the inflation rate, company profitability and other factors.

COMPARISON OF FORECASTS

Percentage change year on year in 1975 prices unless otherwise stated	Gross domestic product		Consumer spending		Exports		Imports		Manufacturing output		Retail price inflation (year end) *		Unemployment (adults) fourth quarter		Balance of payments current account		Public sector borrowing requirement	
													† m	‡ m	£bn	£bn	£bn	£bn
	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981–82	1982–83
Treasury (Dec)	−2.0	1.0	0.0	0.0	−5.5	2.5	−4.0	8.5	−5.5	3.9	12.0	10.0	—	—	6.0	3.0	—	—
London Business School (Nov)	−2.9	1.7	0.4	0.5	−7.3	3.5	−6.1	7.9	−6.2	0.1	11.6	10.4	2.75	2.78	5.2	1.6	11.5	9.7
National Institute (Nov)	−3.1	0.6	0.1	−0.2	−6.5	4.5	−3.5	7.6	—	—	12.0	10.7	2.8	3.0	3.5	0.7	11.0	11.0
Confederation of British Industry (Nov)	−3.0	1.0	0.1	−0.3	−7.1	4.6	−4.6	8.9	−6.8	3.0	11.0	9.1	2.8	2.9	4.7	0.5	11.2	10.7
Economist Intelligence Unit (Oct)	−1.3	0.7	−0.3	−0.6	−3.2	1.9	−3.8	7.2	−6.4	2.0	12.4	10.9	2.8	2.9	5.2	0.4	11.9	9.8
Cambridge Econometrics (Nov)	−1.8	1.3	−1.2	0.8	−5.3	6.0	−6.0	4.3	−5.3	2.3	12.5	10.5	3.0	3.2	0.1	0.6	12.5	13.5
Henley Centre (Dec)	−2.1	0.7	−0.2	0.0	−5.1	3.6	−3.2	7.7	−6.8	1.8	11.7	11.5	2.95	3.21	5.0	1.6	12.5	13.0
Liverpool University (Oct)	−1.3	2.5	—	—	—	—	—	—	—	—	11.3	7.6	2.5	2.7	5.7	8.5	9.8	6.3
Oxford Economic Forecasting (Oct)	−2.6	0.7	−0.1	−0.8	−4.8	1.4	−4.7	6.0	−6.6	3.1	11.9	10.4	2.8	3.0	5.0	0.2	12.0	9.2
Phillips and Drew (Dec)	−2.9	1.0	0.1	0.2	−4.7	3.9	−3.7	5.4	−6.0	1.5	11.3	9.4	2.8	2.9	5.0	1.8	12.0	11.0
Staniland Hall (Oct)	−2.5	0.9	0.0	0.7	−3.5	3.8	—	—	−6.6	2.0	11.5	10.0	2.76	2.89	—	—	—	—
James Capel (Dec)	−2.3	0.6	−0.8	−2.2	−1.3	−1.2	1.5	1.3	—	—	12.4	10.5	2.76	3.02	4.9	1.4	11.5	12.5
Chase Econometrics (Oct)	−2.5	1.8	−1.0	−2.0	−2.9	7.8	−4.7	8.3	−5.0	4.8	12.5	12.2	3.0	3.0	1.8	−1.9	—	—
Simon and Coates (Dec)	−2.9	0.7	0.4	0.2	−1.7	5.2	−2.8	11.5	−6.1	2.6	12.0	10.2	2.7	3.1	2.7	0.1	11.4	10.5
Society of Business Economists (Dec)	−2.5	1.0	0.0	−0.3	−4.5	2.2	−5.0	6.8	—	—	11.3	10.6	—	—	—	2.0	—	—
Average	−2.4	1.1	−0.2	−0.2	−4.5	3.6	−3.8	7.0	−6.1	2.5	11.8	10.3	2.8	2.9	4.2	1.5	11.5	10.6

* Except National Institute, Cambridge Econometrics, Liverpool, Oxford Forecasting, Chase for which estimate is average for year.

† Except Cambridge Econometrics, Henley, Liverpool for which estimate is average annual figure.

‡ Henley and Cambridge Econometrics include school leavers.

Higher growth in Europe forecast for next decade, with UK still most sluggish

BY ANATOLE KALETSKY

GROWTH IN the four main West European economies will accelerate from 1.8 per cent in 1982 to 3 per cent in 1983. It will settle at between 2.5 per cent and 3 per cent a year for the rest of the decade, according to long-term forecasts published today by DRI Europe, the London subsidiary of Data Resources International.

France will enjoy the highest growth rate in Europe for most of the decade, but this will be partly because of the rapid rise in its working population. In per capita terms, West Germany will outpace France.

The fastest growing major country in Europe will remain Italy, as in the 1970s. Britain will continue to be Europe's most sluggish economy, but its lag behind the other countries will be reduced.

The UK's average growth rate between 1982 and 1991 will be 2.4 per cent, compared with 1.4 per cent between 1972 and 1981. The improvement is explained partly by the depth of the present recession, which provides "more room for a rebound when public policy shifts." Productivity will grow at about 2.5 per cent, similar to the rate experienced in the 1960s.

DRI'S forecasts assume that most Euorpean governments will continue to follow broadly their present fiscal monetary and income restraint policies, but that British economic policy will shift in a more expansionary direction from 1983-84 because "the Conservatives are unlikely to win a general election with unemployment well over 3m and inflation back in double figures."

The French Government may have to curb growth in late 1983 and 1984 as a result of balance-of-payments and inflationary pressures.

DRI predicts that the European Monetary System will break down by the second half of the decade as a result of continuing differences in inflation rates between Germany on one hand and France and Italy on the other.

The decline in the high inflation countries' competitive positions will force them into devaluations which will be larger than inflation differentials alone would imply.

Wales TUC urges new jobs emphasis in regional policy

By Robin Reeves

A RADICAL shift in regional development policy, away from capital investment incentives towards job creation, has been called for by the Wales TUC.

In a policy document submitted to the TUC for incorporation in its alternative economic strategy, the Wales TUC urges the replacement of the present system of automatic regional development grants and discretionary financial assistance for buildings and equipment, by a broad based regional jobs subsidy.

The new incentive would be similar to the Regional Employment Premium, which was wound up in 1976, following EEC pressure, as part of Labour's public expenditure cutbacks.

The Wales TUC suggests the subsidy, or jobs premium, should be set at 5 per cent of the average wage. It also wants an additional 25 per cent premium to be paid on newly created jobs for a two-year period.

The Wales TUC also envisages grants continuing to be available for capital investment, but on a far more selective basis.

However, the jobs premium and selective capital grants would apply to all types of business, not just the manufacturing industry.

Banks pact secures Laker Airways future

BY OUR BANKING CORRESPONDENT

SAMUEL MONTAGU, the merchant bank brought in nine weeks ago to solve Laker Airways' financial problems, announced on Christmas Eve that agreement had been reached "in principle on the restructuring of Laker's financial affairs with a ivew to securing the airline's long-term viability."

The announcement follows weeks of discussions between Sir Freddie Laker, the pioneer *of cheap air travel, the banks* which lent him \$359m (£190m) to buy his planes, and the manufacturers in Europe and the U.S. which built them. The Bank of England has also been drawn in, and Thomson McLintock has acted as advising accountants.

Mr Ian McIntosh, head of Samuel Montagu's corporate finance team, said that agreement in principle had been reached with all the parties involved.

These were the Midland Bank-led syndicate which financed Laker's purchase of the Airbuses, the three U.S. syndicates which helped finance the purchase of the DC-10s, and the manufacturers, Airbus Industrie, McDonnell Douglas and General Electric.

He would not elaborate on the contents of the rescue package, but indicated that they were along the lines of those being discussed last week.

These included the manufacturers' agreeing to shoulder some of the risk and possibly taking a stake in the airline, plus the possible sale of aircraft.

Mr McIntosh said that the basic problem of Laker Airways was overgearing. There had to be some form of capital restructuring, but after the weeks of uncertainty over the airline's long-term future the situation had been stabilised.

The new agreement is the second piece of good news *for* Sir Freddie. Last Tuesday, Laker Airways was given permission to operate its first scheduled air service to Europe.

If other European countries allow Laker to run scheduled services into their countries, this could reduce the need for the sale of planes.

Laker's fleet currently consists of 11 DC 10s, three Airbuses, two Boeing 707s and four BAC 1-11s.

British Ronson buyer completes \$8.5m U.S. deal

MR JEFFREY PORT, who bought Ronson Products in Britain from the receivers in October, has completed a further \$8.5m (£4.5m) deal with the former parent company, Ronson Corporation of the U.S.

Under two agreements announced by Ronson International of Switzerland, one of Mr Port's newly-formed companies, is paying about \$4.5m for Ronson Corporation's subsidiaries in Canada, Italy and Mexico, and for trade names outside the U.S., and \$4m for the American company's rights to the Ronson name and trademarks in the U.S., except for lighter accessories and Foodmatic food mixer products.

Public service pensions likely to cost more

FINANCIAL TIMES REPORTER

HIGHER contributions are likely to be demanded from people employed by the public services in exchange for their index-linked pensions.

Ministers are expecting to start talks early in the new year about the extent of the increases, which are likely to bear most heavily on teachers, nurses and other groups which pay lower contributions than civil servants.

About 5m public servants are likely to be affected. The increases reflect the general dislike in government circles of inflation-proofed public sector pensions.

Inflation proofing came under the spotlight last year when retail prices rose by 18 per cent. Even with the lower inflation rate this year, the principle is thought by some ministers to result in unfairness, particularly when average take-home pay is declining in real terms.

The Government has shied away from cutting the benefits which existing public service pensioners are expecting to enjoy.

However, the issue of whether public service pensions should be inflation-proofed completely may be re-opened at a later date.

Higher contributions are linked in ministers' minds with limiting public sector pay increases to 4 per cent next year. Because it is expected that settlements will be above this figure, increased pension contributions would claw back some of the excess.

The present discussions about raising contributions follow the publication of the report on public service pensions in May from a committee under Sir Bernard Scott.

This report did not support *the hard-line view that index* linking should be ended. It favoured the idea of extending the principle to more of the private sector.

Its suggestion that the Government should issue an index-linked gilt-edged stock to help private pension funds to provide inflation-proofed pensions was followed to a limited extent.

But after the issue of two such stocks, there appears to have been no marked enthusiasm recently by the Bank of England to follow up with further issues.

The Scott report was not greeted with any approbation *in Downing Street and the rais*ing of contributions next year would mark a return to the earlier ideas of curbing the privileges of indexation rather than extending them.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, December 23, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.3355
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.75
	Sp. Peseta	97.65
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (C) (4)	6915.00
	Peso (F) (5)	11025.00
Australia	Dollar	0.8859
Austria	Schilling	15.9175
Azores	Port. Escudo	65.75
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is	Sp. Peseta	97.65
Bangladesh	Taka	17.75
Barbados	Dollar	2.01
Belgium	Franc (C)	38.42
	Franc (F)	42.35
Belize	Dollar	2.00
Benin	C.F.A. Franc	287.50
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.132
Bolivia	Peso	24.75
Botswana	Pula	0.8801
Brazil	Cruzeiro	127.46
Brunei	Dollar	2.0565
Bulgaria	Lev	0.928
Burma	Kyat	6.4515
Burundi	Franc	90.00
Cameroun Rp	C.F.A. Franc	287.50
Canada	Dollar	1.1817
Canary Is.	*Sp. Peseta*	97.65
Cape Verde	Escudo	36.51
Cayman Is	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	287.50
Chad	C.F.A. Franc	287.50
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7455
Colombia	Peso (O)	55.56
Comoros	C.F.A. Franc	287.50
CongoP'ple.Rep.of	C.F.A. Franc	287.50
Costa Rica	Colon (O)	8.60
	Colon	20.03
Cuba	Peso	0.8012
Cyprus	Pound*	2.2967
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.405
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	28.425
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.1587
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	195.30
Ethiopia	Birr (O)	2.0286
Faeroe Is	Dan. Krone	7.405
Falkland Is	Pound*	1.893
Fiji	Dollar	0.8782
Finland	Markka	4.3935
France	Franc	5.75
Fr. C'ty in Af.	C.F.A. Franc	287.50
Fr. Guiana	Franc	5.75
Fr. Pac. Is.	C.F.P. Franc	100.37
Gabon	C.F.A. Franc	287.50
Gambia	Dalasi	2.1131
Gemany (E)	Ostmark (O)	2.275
Gemrany (W)	Mark	2.275
Gharna	Cedi	2.75
Gibraltar	Pound*	1.893
Greece	Drachma	57.50
Greenland	Dan. Krone	7.405
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	5.75
Gunm.	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	37.9339
Guinea Rep.	Syli	21.282
Guyana	Dollar	2.977
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.66
Hungary	Forint	35.00
Iceland	Krona	8.18
India	Rupee	9.132
Indonesia	Rupiah	630.00
Iran	Rial (O)	79.00
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.569
Israel	Shekel	15.25
Italy	Lira	1211.50
Ivory Coast	C.F.A. Franc	287.50
Jamaica	Dollar	1.7834
Japan	Yen	219.90
Jordan	Dinar	0.331
Kampuchea	Riel	n.a.
Kenya	Shilling	10.2949
Kiribati	Aust. Dollar	0.8859
Korea (Nth)	Won	0.94
Korea (Sth)	Won	690.40
Kuwait	Dinar	0.2822
Lao P'pls D. Rep	Kip	10.00
Lebanon	Pound	4.675
Lesotho	Loti	0.9625
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.813
Luxembourg	Lux Franc	38.42
Macao	Pataca	5.86
Madagascar D. R.	Franc	287.50
Madeira	Port. Escudo	65.75
Malawi	Kwacha	0.9031
Malaysia	Ringgit	2.252
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	575.00
Malta	Pound*	2.5878
Martinique	Franc	5.75
Mauritania	Ouguiya	57.50
Mauritius	Rupee	10.7767
Mexico	*Peso*	25.98
Miquelon	Fr. Franc	5.75
Monaco	Fr. Franc	5.75
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.3712
Mozambique	Metica	29.794
Namibia	S.A. Rand	0.9625
Nauru Is.	Aust. Dollar	0.8859
Nepal	Rupee	13.20
Netherlands	Guilder	2.499
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2143
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	287.50
Nigeria	Naira (O)	0.6373
Norway	Krone	5.8425
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.84
Panama	Balboa	1.00
Papua N.G.	Kina	0.6786
Paraguay	Guarani	126.00
Peru	Sol	493.49
Philippines	Peso	8.157

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.2143
Poland	Zloty (O)	31.00
Portugal	Escudo	65.75
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.75
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.893
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.75
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.9346
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1211.50
Sao Tome & Principe DR	Dobra	39.0116
Saudi Arabia	Riyal	3.417
Senegal	C.F.A. Franc	287.50
Seychelles	Rupee	7.1727
Sierra Leone	Leone	1.1785
Singapore	Dollar	2.0565
Solomon Is.	Dollar	0.89
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9625
Spain	Peseta	97.65
Span. Ports in N. Africa	Sp. Peseta	97.65
Sri Lanka	Rupee	20.54
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9625
Sweden	Krona	5.584
Switzerland	Franc	1.813
Syria	Pound	3.9262
Taiwan	Dollar (O)	37.91
Tanzania	Shilling	8.0824
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	287.50
Tonga Is.	Pa'anga	0.8859
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5227
Turkey	Lira	131.65
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8859
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.893
Upper Volta	C.F.A. Franc	287.50
Uruguay	Peso	11.48
U.S.S.R.	Rouble	0.7557
Vanuatu	Vatu	92.9293
	Aust. Dollar	0.8859
Vatican	Lira	1211.50
Venezuela	Bolivar	4.30
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	39.27
Zaire Rp.	Zaire	5.4739
Zambia	Kwacha	0.8831
Zimbabwe	Dollar	0.7299

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 9/11/81 dual exchange rate abolished and Sudanese Pound devalued by 12½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports.
(5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports.
(7) Somali: Exports and Non-Essential Imports and Transfers.

Doubts over NCB plan for oil-from-coal

By Martin Dickson, Energy Correspondent

THE NATIONAL Coal Board's plan to build Britain's first pilot coal liquefaction plant, costing £35m, at Point of Ayr in North Wales is in doubt because of money troubles.

The board says it will not know until March at the earliest whether the project is to receive vital financial support from two major oil companies —British Petroleum and Phillips of the U.S.

The Government has promised £5m towards the capital costs provided the scheme has substantial private sector backing.

The Department of Energy's cautious approach stems from doubts about the commercial viability of the technology the NCB wants to test:

The so called liquid-solvent extraction process which turns coal into petrol, diesel fuel and kerosene.

Last summer the board hinted that BP and Phillips were firmly committed and that soon it would be inviting design and construction tenders for the 25-tonne-a-day plant, but it now emerges that it is still carrying out laboratory trials of the extraction process with coal provided by the oil companies.

Big stores hope sales will make up for earlier losses

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

RETAILERS THROUGHOUT Britain are hoping for a good start to the annual winter sales this week to make up for the disappointing level of pre-Christmas spending.

Many stores began their sales yesterday and reported brisk trading. Many more stores — such as Selfridges in London, begin their sales today.

Many retailers are already worried that the almost continuous sales over the past year will have blunted the traditional impact of the winter sales. And as retailers have already substantially reduced profit margins over recent months to help generate trade, there is not so much scope left for many big price cuts.

Even so, the well-publicised special bargains on offer at Debenhams in Oxford Street led to a crowd of about 1,500 converging on the store when its sale opened yesterday. A few scuffles broke out in the general rush.

Elsewhere, the start to the sales was reported as "brisk."

Shop laws drive renewed

BY LISA WOOD

A RENEWED campaign is being mounted against the laws governing Sunday trading, which have been described as "archaic and illogical" by the National Consumer Council.

Lady Trumpington has introduced a Bill in the House of Lords to amend the laws governing Sunday trading and late-night shopping.

The ninth Bill of its kind, it is expected to have its Second Reading in the New Year. It aims to abolish all existing restrictions on shop opening hours, enabling traders to decide for themselves when they want to open.

The National Consumer Council (NCC) and the Consumers' Association, both of which have campaigned for abolition of existing restrictions on Sunday trading, said they warmly supported the Bill.

The NCC pointed out the inconsistencies and complexities of the existing law in England and Wales. For example exemptions are permitted in certain areas such as seaside resorts.

Yarn industry to exhibit at Fabrex show

By Anthony Moreton, Textiles Correspondent

A YARN pavilion is to be added to the Fabrex exhibition in London in the spring.

The aim is to give the yarn industry an international platform for its products, as well as to widen the range of goods which Fabrex offers.

Fabrex was set up in the spring of 1979 by Philbeach Events, to offer a base for the fashion industry. Philbeach is a subsidiary of Earls Court and Olympia, itself an offshoot of Town and City Properties.

The biannual has grown fast. The first show attracted 128 exhibitors and 4,993 trade visitors. This autumn it had 353 exhibitors and 8,733 visitors.

The numbers from abroad have been growing too and this is adding to Fabrex's stature. In October, 144 of the exhibitors came from 17 countries, with Austria and Italy contributing 23 each, Germany 16 and France 11.

Apart from the yarn pavilion, Fabrex intends to devote more attention to the woollen section and to offer a permanent home for British textile designers.

For next year's show, which begins on March 31, there will probably be a group of 20 designers in attendance.

Value for money dominates drinks buying

BY GARETH GRIFFITHS

THE BUYING spree associated with Christmas and the New Year drinking started later than in previous years. Overall volumes have been slightly down on 1980, retailers reported.

The seasonal market is crucial for the trade, particularly off licences. In November and December 27 per cent of wines and 30 per cent of spirits are sold, with more than half the liqueurs sold bought for the Christmas market.

Most people who drink wine do so only for their birthday or for Christmas. While this accounts for the low per capita annual consumption in Britain —6.5 litres a head compared to 98 litres in France—it increases *the importance which* celebrations have for the trade.

Most have little knowledge about wine. There is almost no brand loyalty, and only seven brands have more than 2 per cent of the total market: Hirondelle, Lutomer, Mateus, Blue Nun, Corrida, Don Cortez and Nicolas.

The shift from the specialised shops to the large multiple grocery chains, where the sales staff are likely to know little more than the customers, means that the importance of the retailers' advice has declined.

The criteria for wine sales increasingly has become price, particularly at the cheaper end of the market. According to Victoria Wines, Allied Lyons drink retail subsidiary, at this time of year people tend to buy brand names which their neighbours will have heard of, and veer away from the bottom prices which are associated with "plonk."

In the spirits market, consumers are still more interested in value for money than brand name loyalty. With the keen competition in the retail trade, they are prepared to switch around. But premium brands have held up well because names such as Bells, Teachers or Famous Grouse are marketed as prestige drinks.

At the bottom end of the market, cheaper spirits such as DCL's Claymore and own brand labels have done well, although some retailers have noted a switch from own brands to names that are more familiar through advertising, but which cost only a little extra.

The most dependent sector at this time of year is the liqueurs trade. A survey in the 1970s found that 16m people claimed to drink liqueurs such as cherry brandy (the most popular), Drambuie, Cointreau, Benedictine, Southern Comfort and Chartreuse.

Liqueurs have shown some of the fastest growth rates in the industry. This surge has received a fillip with the revival of the fashion for cocktails, particularly in London, and more widely with the popularity of cream liqueurs such as Carolans or Bailey's Irish Cream.

Texaco set to agree deal on productivity

By Brian Groom, Labour Staff

TEXACO IS set to reach a productivity deal with its 1,000 tanker drivers and depot workers which could push average earnings up by more than 25 per cent when added to their recent 8.1 per cent rise in basic pay.

Management and Transport and General Workers' Union officials expect agreement in time to implement the deal on February 1. It would leave Esso alone among the main oil companies without a productivity deal for its drivers.

Productivity agreements reached in recent months are seen by the companies as providing substantial and much-needed changes in working practices.

The deal would give the Texaco workers between £20 and £25 a week more. The recent 8.1 per cent rise in basic pay pushed average earnings of drivers of the heaviest vehicles up from £156 to £170-£175 a week, and the productivity agreement would raise them to £190-£195.

For this, the workers would agree to 187 job losses—130 drivers, 47 plant workers and 10 maintenance staff. Redundancies would be voluntary.

The company would use 66 fewer vehicles.

Journey times would be reduced, loading and unloading would be speeded up, and there would be a cut in the number of journeys on which the driver is accompanied by a mate. Efficiency would be improved in the depots.

The two sides are still discussing overtime needs, changes to shift patterns and workshop practices. The deal will be introduced in stages.

Aslef election predictions increase disruption fears

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL's prospects of avoiding a damaging pay dispute with Aslef, the train-drivers' union, could be worsened if internal union predictions are confirmed that elections next month for seats on Aslef's executive committee see left-wing control strengthened.

The union executive meets this morning to consider its response to BR's decisions not to pay Aslef members the 3 per cent second stage of this year's 11 per cent rail pay deal and not to implement a cut in their working week. The decisions were made because of the union's slow progress in productivity talks.

The executive seems certain to reimpose its deadline for national strike action on the issue. The deadline was lifted in August after Advisory, Conciliation and Arbitration Service intervention secured the two-stage deal.

Among options likely to be considered will be a three-day national stoppage early in January, to be followed by a series of lightning one-day strikes.

Aslef's stand will be reinforced by the prospect of electioneering in the coming round of elections and of the likely outcome of the voting. The poll is expected at least to consolidate existing left-wing dominance on the nine-man executive.

The elections, for three executive seats, start next month when three present members return to their regions. Members of the executive are elected for a three-year term.

Those returning are Mr Bill Ronksley, Aslef's president, to be full-time district secretary in his native Yorkshire, Mr Ross Goff, to Wales, and Mr Les Johnson, to Merseyside.

The executive's current political balance is thought to give the left overall control, though the terms left and right are with Aslef loose and relative because the right-wingers are more radical than the left-wingers in some unions and because voting is often on industrial rather than political lines.

The present balance is considered to be: left, three (Mr Ronksley and Mr Charlie Rodger, Scottish member, both Communists, and Mr Derek Fullick, vice-president and Southern Region executive committee member); centre-left, two (Mr Lew Adams, Eastern Region, and Mr Ted Miles, London Transport); and right, four (Mr Les Felton, Midlands, Mr Goff and Mr Johnson, and Mr Terry Clarke from Manchester).

This has been changed slightly, because Mr Goff has returned already to Merseyside.

In the union it is thought Mr Ronskley's replacement will be another left-winger and that the left could secure one of the two seats vacated by Mr Goff and Mr Johnson.

This would increase the left's strength, to give a division on the above lines of 4-2-3.

Mr Sid Weighell, general secretary of the National Union of Railwaymen, yesterday defended proposed changes in work-rostering to which Aslef has not agreed. He said the deal, to which the NUR has agreed, was intended to improve working conditions.

Support for Civil Service pay plans

BY PHILIP BASSETT, LABOUR STAFF

FIRM SUPPORT for Government intentions to make Civil Service pay more closely subject to market forces is given in evidence to the Government's inquiry into pay in the service by the Hay management consultancy group.

The inquiry, chaired by Sir John Megaw, is due to report by midsummer. The Hay evidence supports the Government position on a number of key points:

● Merit pay. The present system of automatic increments "provides no financial incentive to perform well and no means of signalling or rewarding good performance." The system in force of reward by promotion may not be widely available at a time of staff cuts.

To relate pay to performance not only improves efficiency but increases the accountability of line management.

● Productivity. Unlike many commentators, Hay claims that Civil Service "output" in many areas is quantifiable. Relating pay to productivity is not easy.

But: "It is not easy to see how either Government or Civil Service unions could sustain an argument that there should be no connection between Civil Service pay and Civil Service manpower."

● Regional pay. Known and significant regional pay variations reflect local labour supply and demand, and living costs. The group suggests that local labour markets cease to be significant about the mid-grade level of higher executive officer.

● Market forces. While no labour market exists for many Civil Service jobs, a rate could be established for those which have market counterparts. These fixed points could then be used to fix internal differentials, and so establish a "sensible market-related pay structure."

● Fringe benefits. Quantifying the value of index-linked pensions is "not insuperable." Such elements as job security may be more difficult, but have to be allowed for by judging where to pitch pay in a defined market.

Gas workers threaten strike over bonuses row

By Philip Bassett, Labour Staff

LEADERS of 41,000 manual workers in the gas supply industry claimed yesterday that there could be "a strike waiting to happen" if difficulties arise in the annual pay negotiations, due to get underway with an offer in two weeks' time.

The manual workers want: Consolidation of bonuses; a pay increase in line with inflation; holiday pay to be the equivalent of full average earnings; a reduction in working time from 38½ to 37 hours a week; and minor improvements in sick pay.

Present basic rates in the industry, following last year's 12.7 per cent deal, range from £77.20 for distribution trainees to £98.32 for distribution technicians.

The unions warned British Gas that negotiations on pay this year would be made easier if there was progress in parallel talks on bonus consolidation.

Some union officials now feel that the lack of progress in the bonus discussions show they have virtually been kept going only because of this warning.

Consolidation of the bonus into basic rates is important to workers in the gas industry as a large part of average earnings—almost 17 per cent, according to the latest New Earnings Survey figures published this month—is formed by the bonus, which does not count for calculation of shift or overtime pay.

For some groups in the industry, bonus payments may even be half of average earnings, though payments vary widely from group to group and from region to region.

The unions feel that any element of reward for increased productivity is no longer there, though British Gas wants to keep some incentive element in the pay packet.

The unions argue that the bonus system can sometimes have detrimental effects for the public. Tight work schedules may force a repairer to spread a job over two visits.

British Gas has offered improvements to try to smooth out fluctuations in bonuses, but the only element of consolidation is at the bottom end of the scale and is described by union leaders as "minimal."

British Gas may make some further improvement in the package when its replies to the claim on January 13, but some union officials fear difficulties ahead. Settlement date is January 18.

In particular, some leaders warn that there has been a preparation for strike action already.

Picketing guidance has been issued to shop stewards in preparation for action which had been due to begin on January 11 over the Government's intended selling-off of High Street gas showrooms. The Government has since backed down on the issue.

One official said last night: "We have a full strike organisation going with no strike over this. It has been said that there is a strike waiting to happen."

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1980							
4th qtr.	100.9	90.0	81	109.0	205.2	2,020	98
1981							
1st qtr.	99.7	88.9	98	112.7	174.4	2,394	100
2nd qtr.	99.1	89.0	91	111.3	180.6	2,507	89
3rd qtr.	100.2	90.2	103	110.4	185.2	2,627	96
May	98.4	88.2	86	110.6	177.1	2,515	92
June	99.7	89.9	98	111.7	182.7	2,552	83
July	100.0	89.7	100	109.7	185.4	2,582	92
Aug	100.0	90.1	125	111.0	185.6	2,626	98
Sept	100.6	90.8	83	110.6	184.7	2,673	97
Oct	102.3	91.5		112.1	197.0	2,729	99
Nov				110.5		2,764	104
Dec						2,782	108

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
4th qtr.	94.4	91.6	117.1	86.6	71.1	77.2	10.1
1981							
1st qtr.	93.9	88.3	117.3	84.2	76.2	76.8	10.9
2nd qtr.	93.5	88.7	118.0	84.8	79.0	76.3	14.2
3rd qtr.	94.5	89.2	119.1	86.1	77.8	76.4	14.3
April	94.0	89.0	118.0	85.0	77.0	76.0	12.5
May	93.0	88.0	117.0	84.0	77.0	76.0	13.8
June	94.0	89.0	119.0	85.0	83.0	77.0	16.3
July	94.0	89.0	119.0	86.0	77.0	76.0	14.5
Aug	95.0	89.0	118.0	86.0	77.0	77.0	12.7
Sept	94.0	90.0	120.0	87.0	80.0	77.0	15.6
Oct	95.0	90.0	124.0	87.0	85.0	78.0	14.0

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
4th qtr.	126.6	111.8	+1,265	+2,110	+222	105.2	27.90
1981							
1st qtr.		107.0					28.34
2nd qtr.							26.73
3rd qtr.							24.26
Feb	121.7	114.3	+314	+755	+231	105.2	28.43
March		105.5					28.21
April		106.2					28.07
May							26.49
June							25.63
July							24.57
Aug							24.51
Sept	130.2	135.3	+ 13	+114	+290	100.0	23.70
Oct	133.9	126.3	+366	+532	+ 89	98.9	23.32
Nov	139.0	141.7	+ 26	+193	+214	100.1	23.46

Trade figures for March-August not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
4th qtr.	8.8	20.2	11.2	+3,352	1,253	1,793	14
1981							
1st qtr.	6.8	8.8	12.4	+1,308	1,081	1,884	12
2nd qtr.	23.1	17.3	6.5	+4,250	1,103	1,936	12
3rd qtr.	8.1	18.1	29.7	+5,951	868	2,023	
May	22.1	20.1	7.0	+1,027	436	607	12
June	21.9	17.8	8.6	+1,164	371	674	12
July	14.2	17.2	19.8	+2,240	290	658	12
Aug	0.8	14.5	35.4	+1,246	244	659	—
Sept	9.7	22.8	34.3	+2,465	334	706	—
Oct	—4.7	20.2	24.0	+1,554	154	678	
Nov	7.6	17.3	20.4	+ 413	65		

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1980							
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.8
2nd qtr.	202.2	225.8	219.4	294.0	277.0	245.07	97.8
3rd qtr.	209.9	235.9	224.1	299.1	278.8	260.83	90.6
May	201.6	226.1	219.2	294.1	276.7	255.14	98.8
June	205.7	229.6	221.1	295.8	280.0	245.07	95.4
July	207.6	233.0	222.2	297.1	279.6	275.81	92.5
Aug	210.4	236.8	224.1	299.3	277.3	257.64	91.2
Sept	211.7	237.9	225.9	301.0	279.6	260.83	88.0
Oct	212.5	238.2	227.8	303.7	282.7	259.12	88.3
Nov		236.8	229.1	306.9	285.5	245.79	90.12

* Not seasonally adjusted.

BSC near breaking point on manning, warns Sirs

BY BRIAN GROOM, LABOUR STAFF

THE NEW job cuts which have set British Steel Corporation on a collision course with its biggest union, would stretch manning levels to break-point, according to Mr Bill Sirs, general secretary of the Iron and Steel Trades Confederation.

The union's executive council is to meet on January 7 to set a date for the start of a complete ban on overtime.

This follows the breakdown of talks on BSC's proposed local pay deals linked to productivity measures and another 15,00 job losses by April, 1983.

Mr Sirs has told MPs in the Parliamentary Labour Party's steel group that an increase in the demand for steel would would result in either a shortage of trained people or the introduction of contract crews.

He said BSC was working at more than 98 per cent of manned capacity, and claimed to have evidence that the corporation was already unable to supply enough steel to meet customer needs.

He said: "The constant erosion of manpower threatens an industry which keeps working only by overtime." The corporation intended to have a workforce of 92,400 by April 1983 compared with nearly 184,000 in September 1979.

Mr Sirs accused BSC of launching a "triple assault" on steelworkers: job cuts, pay restraint and "an attack on job control" in the local agreements being tabled in all BSC works.

He said: "We are required to loosen demarcation lines, to work overtime, to work "light" on a permanent basis and to surrender union rights. This revolution is to be self-financing."

The ISTC is the only union not to have agreed to local negotiations, which could provide pay rises worth about 5 per cent. BSC is determined that there will be no national pay increase, which would have been due in January.

Union numbers still falling

IVO DAWNAY looks at how unemployment and the recession have resulted in the TUC losing an estimated 600,000 members this year

THE RAPID decline in union membership continued throughout 1981, with TUC estimates putting the current total at just above 11m, down from a post-war peak of 12.2m in early 1979 and 11.6m last year.

The fall, brought on by unemployment and the recession, is forcing the unions to raise subscriptions and develop recruitment in an attempt to ease the pressure on funds.

But there are indications that the speed of the decline is slowing, and several of the large public services and civil servants' unions have reported increases over the year.

The largest unions with substantial unskilled and semi-skilled membership in manufacturing, construction and engineering were hardest hit.

The Transport and General Workers' Union, the largest in the country, recorded a fall of more than 160,000 to 1.7m in the nine months to September against a loss of 140,000 in 1980. The fall from more than 2m two years ago is estimated to be costing the union £5m a year in lost fees.

Membership of the Amalgamated Union of Engineering Workers (engineering section), the second largest union, fell 80,000 to just above 1m in the first six months, though AUEW researchers claim that the rate of decrease is slowing.

A similar improvement is reported by the General and Municipal Workers' Union, which appointed a national recruitment officer to stem the tide.

The union lost 40,000 members in the first six months, the same as in the whole of 1980. The GMWU's latest total of 915,000 is 9 per cent down on its 1979 membership.

In the light of the Government's campaign to cut spending on the Civil Service, the public sector unions have achieved notable successes in retaining and even increasing membership marginally.

The National Union of Public Employees, the largest manual workers' public service union, has lifted membership above 700,00 for the first time, after a big recruitment campaing.

Despite heavy redundancies in the school meals service (NUPE's largest source of members), the union boosted membership by setting up several closed shops in Labour councils elected last spring.

Similar small rises were achieved by the Civil and Public Services Association and the Confederation of Health Services Employees, with 216,000 and 225,000 members respectively. The National and Local Government Officers' Association increased membership by 16,000 to more than 800,000 over the 12-month period.

White-collar unions in the private sector fared less well. The Association of Scientific, Technical and Managerial Staffs, for some years the "growth stock" in the TUC, suffered a second year of losses, falling from 491,00 0to about 475,000.

The Association of Professional, Executive and Computer Staffs was badly hit by the concentration of a large part of its membership in the recession-hit engineering industry, losing 16,000.

The union has set up a head office team to explore areas such as electronics industries and the building societies in the hope of retaining its 123,000 membership.

Technical, Administrative and Supervisory Section (Tass), the AUEW's white-collar subsidiary, has kept membership close to 200,000, though the union is expecting a decline next year.

Unions which give unemployment pay have held their memberships — *though at considerable* cost. The 186,000 Society of Graphical and Allied Trades, for example, will be raising subscriptions shortly to help to cover unemployment payments, which are costing £40,000 a month.

The overall fall in union membership could have profound effects on the composition of the TUC general council if a radical reform of the selection process is adopted.

A motion passed at the TUC annual congress in October instructed the general council to examine means of introducing automatic proportional representation for the larger unions and elections for the rest.

Under the proposal, put by the Post Office Engineering Workers Union, the big unions would be represented strictly by the size of their membership, with seats allocated on a sliding scale from one for unions with more than 100,000 to five of those with above 1.5m.

Ironically the AUEW (engineering section), which backed the reform, could be one of its first victims. The union represents just over 1m workers — worth four seats under the proposed system. If this drops below 1m, as seems likely, the union will only hold three council seats.

INSURANCE

Lloyd's Bill reading raises new questions on conflicts of interest

BY JOHN MOORE

THE EVIDENCE given by insurance brokers and underwriters to a House of Commons committee reading the Lloyd's Bill of Parliament has raised new questions about the structure of the Lloyd's market and the way it operates.

At the climax of the readings last week, Mr Michael Meacher, MP (Labour, Oldham W.), chairman of the committee, observed: "It seems to me of some significance, that there are many forms of abuse from conflict of interest which are not going to be affected by divestment."

Mr Meacher and his committee had heard extensive evidence from Alexander Howden Group, the financial holding company with large Lloyd's insurance broking and underwriting interests. Howden had been seeking to remove the clause from the Lloyd's Bill requiring brokers to dispose of their shareholding links with the companies which run underwriting syndicates.

Parliament has insisted that Lloyd's includes this clause—known as the "divestment" clause—in the Bill because it has identified conflicts of interests which could undermine Lloyd's self regulatory powers which the market is seeking in its new legislation.

A broker's main duty is to the assured, whereas an underwriter is primarily answerable to the investors who put up the capital. Moreover, mergers and *acquisitions of brokers and* underwriters in recent years have concentrated power into fewer and fewer hands, threatening Lloyd's market character, and with it Lloyd's reputation as a centre for flexibility and development.

The new areas of conflicting interests identified during the hearing of Howden's arguments are as follows.

Binding authorities: A binding authority is essentially the delegation by a Lloyd's underwriter of an authority which allows another party, such as a broker, to commit his syndicate for acceptance of risk and payment of claims within a certain specified area of business. The client seeking insurance through a broker may often not realise that the broker is acting for the underwriter.

Reciprocity and reciprocal arrangements: According to one underwriter who gave evidence before the Meacher committee there are two sorts of reciprocity, formal and informal. Formal reciprocity is the exchange of contracts between two insurers under which the premium and profit would be intended to be in balance. Under informal reciprocity insurance professionals who provide other insurers with business, or are responsible for business flows, usually expect to receive some business in return. These arrangements can restrict the amount of choice available to a client seeking insurance, particularly if his broker has used this facility.

Weight of account: One U.S. broker told the Meacher committee that it is not financial control of an underwriter which gives a broker the greatest leverage. "It is the muscle of the business that a particular broker has with a particular underwriter." If a U.S. broker places millions of dollars of premiums with a Lloyd's broker in London, who will pass on a proportion of the business to Lloyd's underwriters, influence can be exerted by the U.S. broker if he threatens to take away the business and place it another market.

Future ownership of agencies: Once brokers are forced to dispose of their shareholding links with underwriting agency companies, the groups which run underwriting syndicates, it has been suggested that ideal purchasers would be underwriting members of that agency. A conflict would be created. Some of the members may chose to buy shares in the newly independent company, while others may not. Two categories of underwriting member could be created: those with shares and those without. If an agent decides to double fees and profit commissions on underwriting revenues for the benefit of shareholders, those underwriting members who are not shareholders in the agency will lose out to those who enjoy the dual status.

For the moment Parliament has decided to deal with the central conflict in Lloyd's structure. It has rejected Alexander Howden's plea to have the divestment clause removed from the Lloyd's Bill.

The buyers of insurance, the brokers, must terminate their shareholding links with the companies which run the underwriting syndicates, the sellers of insurance.

Even so the brokers will retain a powerful commercial link with the Lloyd's market. They will be able to continue to introduce new members to Lloyd's through their members' agencies which they are to be allowed to keep.

Independent underwriting agencies will be relying on the brokers to provide them with a steady flow of new capacity. The brokers' influence over capacity flows could create tensions and conflict in the future.

NOTICE OF REDEMPTION

To Holders of

Azienda Autonoma Delle Ferrovie Dello Stato

8¾% Sinking Fund Bonds Due 1986 Direct and Unconditional General Obligation of The Republic of Italy

NOTICE IS HEREBY GIVEN that pursuant to Sections 4 and 6 of the Fiscal Agency Agreement and Sections 5 and 6 of Exhibit A dated January 15, 1971 between Azienda Autonoma Delle Ferrovie Dello Stato, "Issuer" with the intervention of the Minister of the Treasury of the Republic of Italy and Chemical Bank, "Fiscal Agent", the bonds bearing the following serial numbers have been drawn for redemption on February 1, 1982 by operation of the Sinking Fund at the Redemption Price of 100% of the principal amount thereof, together with accrued interest to the date thereof, and that from and after such date fixed for redemption interest thereon will cease to accrue.

14	1060	3166	5388	7182	8923	10131	11679	13939	15139	16876	20297	22600	23478	24233
29	1090	3192	5403	7202	8931	10141	11719	13945	15204	16879	20304	22601	23501	24255
32	1102	3330	5424	7215	8940	10182	11731	13953	15205	16885	20313	22638	23515	24287
43	1116	3370	5439	7229	8950	10195	11756	13997	15373	16888	20320	22629	23516	24299
50	1143	3506	5584	7275	8961	10211	11787	14027	15378	16891	20330	22638	23517	24300
57	1163	3524	5587	7320	8971	10223	11827	14037	15382	16892	20370	22662	23523	24307
70	1217	3562	5597	7337	9074	10238	11860	14054	15447	16894	20381	22695	23539	24329
87	1231	3823	5639	7391	9091	10254	11881	14072	15448	16904	20388	22698	23563	24331
105	1240	3828	5645	7417	9108	10280	11930	14092	15454	16905	20399	22732	23565	24343
126	1276	3837	5665	7429	9115	10293	11936	14105	15455	16913	20423	22757	23611	24359
135	1306	3846	5680	7496	9128	10310	11969	14124	15464	16917	20428	22796	23612	24371
138	1322	3853	5776	7515	9142	10336	11987	14140	15469	16918	20449	22819	23617	24372
143	1336	3865	5796	7553	9201	10383	12003	14157	15471	16919	20450	22831	23618	24373
150	1361	3879	5806	7563	9210	10409	12010	14172	15472	16928	20459	22876	23656	24374
155	1375	3977	5846	7599	9222	10430	12023	14199	15474	16929	20466	22877	23686	24422
164	1386	3986	5869	7605	9232	10446	12061	14213	15475	16931	20494	22878	23722	24439
169	1397	3999	5895	7631	9244	10464	12257	14222	15476	16936	20529	22903	23735	24458
173	1411	4052	5908	7640	9277	10473	12396	14233	15490	16937	20530	22949	23737	24486
182	1430	4073	5924	7646	9287	10489	12529	14240	15492	16938	20567	22955	23740	24500
193	1441	4109	5960	7666	9299	10504	12557	14261	15505	17286	20590	23009	23770	24503
204	1447	4128	6031	7680	9310	10524	12636	14278	15508	17288	20612	23020	23771	24510
211	1449	4174	6098	7711	9322	10539	12804	14295	15509	17426	20625	23034	23780	24515
223	1466	4191	6200	7722	9338	10560	12810	14316	15516	17435	20646	23035	23791	24516
233	1494	4203	6217	7736	9363	10601	12939	14326	15548	17441	20654	23045	23827	24528
262	1505	4223	6235	7745	9374	10716	12944	14334	15549	17451	20666	23054	23842	24529
310	1740	4236	6253	7752	9384	10730	12954	14341	15550	17483	20671	23056	23881	24534
345	1756	4252	6277	7761	9400	10763	13000	14345	15555	17484	20679	23083	23919	24538
350	1766	4284	6304	7789	9425	10774	13017	14357	15559	17485	20686	23087	23922	24540
358	1818	4301	6375	7799	9442	10829	13030	14383	15563	17582	20696	23098	23923	24543
364	1823	4348	6392	7811	9454	10840	13059	14397	15587	17644	20856	23126	23924	24570
378	1839	4355	6418	7854	9578	10860	13072	14410	15588	17699	20868	23127	23927	24572
386	1889	4362	6459	7916	9585	10879	13096	14435	15594	17743	20869	23128	23931	24574
389	1903	4436	6481	7932	9640	10898	13107	14438	15770	17807	20882	23138	23937	24577
398	1921	4441	6530	7951	9649	10916	13117	14478	15813	17808	21294	23148	23940	24579
443	1936	4458	6548	7979	9664	10931	13120	14488	15816	18110	21295	23179	23945	24580
447	1951	4469	6560	8005	9696	10946	13133	14517	15819	18111	21343	23180	23950	24601
460	1962	4482	6564	8071	9748	10962	13222	14539	15854	18112	21408	23192	23958	24602
484	1968	4507	6594	8099	9778	11009	13225	14580	15867	18184	21522	23193	23977	24603
506	1990	4565	6615	8128	9802	11028	13260	14590	15868	18230	21544	23210	23978	24606
550	2009	4574	6679	8141	9831	11133	13375	14596	15869	18256	21564	23211	23989	24607
571	2024	4616	6720	8175	9841	11150	13381	14609	15870	18262	21589	23258	23990	24636
577	2044	4674	6788	8232	9851	11195	13389	14671	15875	18269	21673	23274	23991	24643
607	2051	4679	6819	8249	9862	11232	13419	14701	15988	18496	21683	23285	23999	24677
625	2169	4686	6839	8287	9880	11241	13577	14729	16219	18532	21738	23297	24006	24682
645	2185	4730	6857	8303	9894	11248	13580	14761	16220	18584	21778	23316	24007	24712
685	2210	4748	6869	8321	9910	11267	13692	14774	16223	18627	21787	23317	24019	24714
711	2226	4808	6872	8340	9930	11296	13705	14825	16237	18636	21790	23327	24021	24715
723	2231	4825	6877	8364	9940	11319	13735	14826	16244	18876	21792	23331	24022	24758
732	2276	4882	6883	8390	9950	11333	13738	14827	16245	18916	21819	23345	24023	24759
757	2370	4908	6887	8439	9958	11380	13760	14886	16246	19006	21906	23346	24058	24789
772	2414	4928	6900	8481	9966	11443	13767	14893	16247	19007	21949	23352	24061	
805	2502	4953	6927	8628	9976	11454	13773	14993	16309	19044	21958	23372	24065	
834	2567	5035	6933	8656	9989	11461	13796	14995	16379	19280	21988	23382	24068	
876	2640	5051	6946	8704	10000	11492	13816	14996	16440	19413	22202	23391	24069	
882	2773	5057	6953	8751	10011	11511	13829	15056	16443	19712	22239	23393	24083	
903	2796	5125	6961	8798	10019	11529	13831	15057	16447	20100	22388	23401	24089	
909	2828	5150	6982	8828	10029	11538	13835	15064	16450	20168	22395	23402	24100	
928	2849	5167	7015	8841	10037	11548	13849	15067	16451	20175	22421	23425	24139	
956	2896	5195	7024	8867	10046	11578	13853	15113	16525	20239	22467	23426	24152	
959	2943	5213	7038	8875	10064	11595	13871	15114	16533	20249	22478	23428	24171	
983	2972	5226	7044	8884	10074	11611	13883	15128	16537	20258	22500	23430	24172	
1002	2979	5240	7095	8893	10085	11624	13891	15136	16538	20271	22534	23432	24173	
1032	3015	5301	7120	8903	10103	11648	13902	15137	16539	20275	22548	23433	24193	
1054	3100	5328	7129	8912	10124	11674	13910	15138	16875	20282	22558	23458	24200	

The above numbered bonds will be redeemed at the principal offices of the Fiscal Agent, Chemical Bank in New York City, or at the main offices of Chemical Bank and S. G. Warburg & Co., Limited in London, the main offices of Banca Nazionale del Lavoro in Milan and Rome, the main offices of Banque Lambert S.C.S. in Brussels, the main office of Banque Lambert-Luxembourg S.A. in Luxembourg, the main offices of First National City Bank in Amsterdam, Frankfurt am Main and Paris and the main office of Lavoro Bank A. G. in Zurich, upon surrender of such bonds for payment and cancellation.

CHEMICAL BANK, *Fiscal Agent*

Dated: December 28, 1981

TECHNOLOGY

EDITED BY ALAN CANE

Monitors for machine performance

BY LORNE BARLING

LUCAS KIENZLE, the UK-West German company which dominated the legislation-inspired boom in tachograph sales, is now turning its attention to technology vital to managers in manufacturing companies — production data collection and processing.

With much of industry now looking for additional methods of improving productivity Lucas Kienzle believes the time is now right for the wider use of machine monitoring, giving management the ability to optimise machine use and other benefits.

This is a widely accepted practice in Japan and West Germany but it has never become established in Britain. Now it is felt that production cost pressures, combined with new and more sophisticated data collection systems based on microchip technology, will lead to their rapid introduction in the next few years.

Two small UK companies which have designed and marketed a basic system fairly recently, Remek and Dextralog, are similarly optimistic about the prospects. Growth in demand has been slower than they had hoped however, chiefly as a result of the recession.

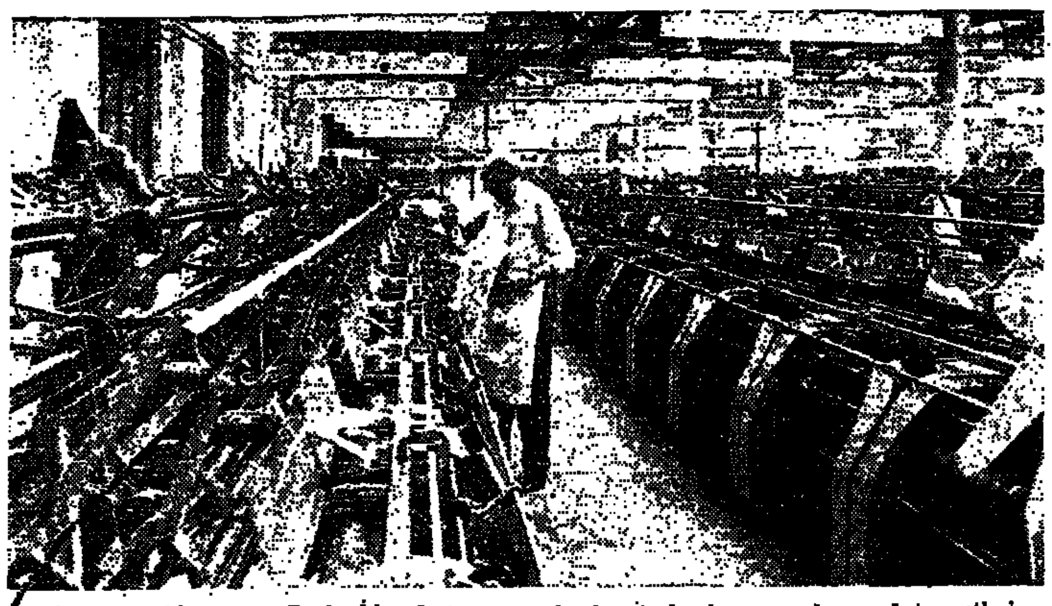
Confused

While it is increasingly recognised that recording systems which can monitor the performance of whole lines of machines can be invaluable in pinpointing bottlenecks, reducing downtime, assisting material flow and regulating output efficiently, management response has been at worst confused and at best dilatory, Lucas Kienzle believes.

This problem arises, suppliers suggest, through attempts to involve too many departments in what is essentially a new tool for production engineers and management, with the result that potential customers must often be instructed on each system's capabilities before there is any hope of a sale.

The concept and potential benefits are well understood by certain sectors of industry, such as textile manufacturers, and by a number of large companies, some of which have been developing their own systems for specialised use.

At present, Lucas Kienzle's UK market research indicates that production data systems can be divided into three broad groups: simple stand-alone devices which have been on sale for many years, basic on-line systems using small computers, and new mainframe computer systems.



Knitting machines at a Derbyshire factory: monitoring technology can be used to optimise performance

There is limited demand for the simple recorder devices, such as those marketed by Servis, VDO Bertram, Telephone Rentals and Lucas Kienzle. They are mechanical or electromechanical, and are supplied to single machines. They are often used on high operating cost machines, or where bottlenecks are occurring, or to establish the cause of downtime.

Stronger growth has occurred in the next group, where the advent of micro-computers has permitted the development and marketing of reasonably-priced, centralised systems, by companies such as Remek and Dextralog. Such systems may have simple non-intelligent terminals for selection of downtime and quantity measurement and are most suitable for monitoring perhaps 20-40 machines. Information flow is generally one-way only, from machine terminal to computer.

A centralised visual display unit (Vdu) is used for monitoring or interrogation, with "management by exception" normally used, pinpointing machines which are not meeting predetermined norms. Vdu's can also be provided for shopfloor manual data input or information display, although this can be expensive if used in any number.

Dextralog's experience was initially gained in the textile industry, according to Mr Mark Robinson, the UK sales manager, where better loom-speed regulation in multi-machine operations led to better utilisation of labour and machines and considerable savings. He believes the UK food industry is now learning that similar benefits can be achieved.

Remek produced its first system around five years ago, originally aimed at small concerns. The recession forced the company to move up-market and in the past year sales are said to have improved substantially, chiefly to larger companies. Plastic injection moulders have been the principal buyers.

The cost of a simple basic system from Remek, including a printer, Vdu, computer and sensors for 20 machines, will normally be around £8,000, but it is likely to be higher if software is developed for a particular application. This is, in fact, usually necessary. Dextralog's systems, while broadly similar, tend to be of lower capacity than Remek's.

Monitoring

At the top end of the market comes the interactive system with a two-way information flow, from machine terminal to computer and vice-versa and intelligent micro processor-based machine terminals. A mini or mainframe computer may be used and computer manufacturers with powerful models are increasingly intent upon including machine monitoring in the functions of computers which may also deal with inventories, wages and accounts.

In an attempt to deal with the whole market and simplify the problems faced by management in defining requirements and choosing the right system, Lucas Kienzle has adopted a building-block approach allowing what it claims to be easy expansion right up to the mainframe link-up.

Mr Fred Kay, the company's director and general manager, recognises that, like his competitors, he will have to sell the concept of machine monitoring before any volume of orders can be built up. "It will be a long haul, but we are equipped to deal with that kind of problem as a result of the experience gained in the tachograph market," he says.

For some years, Lucas Kienzle has been marketing simple recording devices which provide circular charts, similar to those on tachographs, which can be read visually or automatically by computer and printed out. Although thousands of these have been sold in Germany, only a few hundred buyers have been found in the UK.

"We are aware that these machines will appeal only to a minority of our potential customers since they are capable only of providing information at the machine and for subsequent analysis. We believe that people are looking for cost effective equipment which will enable them to start with a single intelligent machine terminal complete with printer if they so desire, with the opportunity of building up a fully-fledged on-line, real time system," the company argues.

Although many companies clearly believe shop floor sentiment has not been right for the widespread introduction of such equipment, Mr Kay suggests that it had now become more favourable because management sees the need to become more competitive while workers are concerned about the survival of their companies.

But the acceptability achieved in Germany and Japan is a long way off and Lucas Kienzle recognises that UK companies will require widely differing packages of equipment, depending on the application and the degree of shop floor acceptance.

The company is now preparing for a major assault on the market with its new 2450 production data terminal, at present a "stand-alone" instrument, but capable of fitting into a complete on-line, centralised system which will be introduced progressively next year.

Suited to virtually any machine or process, the micro-processor-based terminal with an electronic display records production time and quantity downtime and up to 11 reasons for stoppage. By pressing a key, performance for the shift is automatically summarised, utilisation calculated and printed on a production sheet.

Stand-alone unit

The stand-alone unit will sell at around £800. Depending upon the route taken to build up to a small or a large centralised system, the cost per terminal, including software, is expected to vary from £700 to £1,250. Mr Kay believes that large companies that require monitoring capability of high capacity will be the earliest customers.

Energy spending

SPENDING on computer services by U.S. energy companies is likely to rise to $5bn by 1985 according to a recent report by INPUT, consultants on information technology.

In 1980 exploration and production companies spent $700m on computing services which represented 75 per cent of the total market.

Holography in the thermoplastic shop

BY ELAINE WILLIAMS

HOLOGRAPHIC techniques are being employed by BASF (061 485 6222) to help design thermoplastic components.

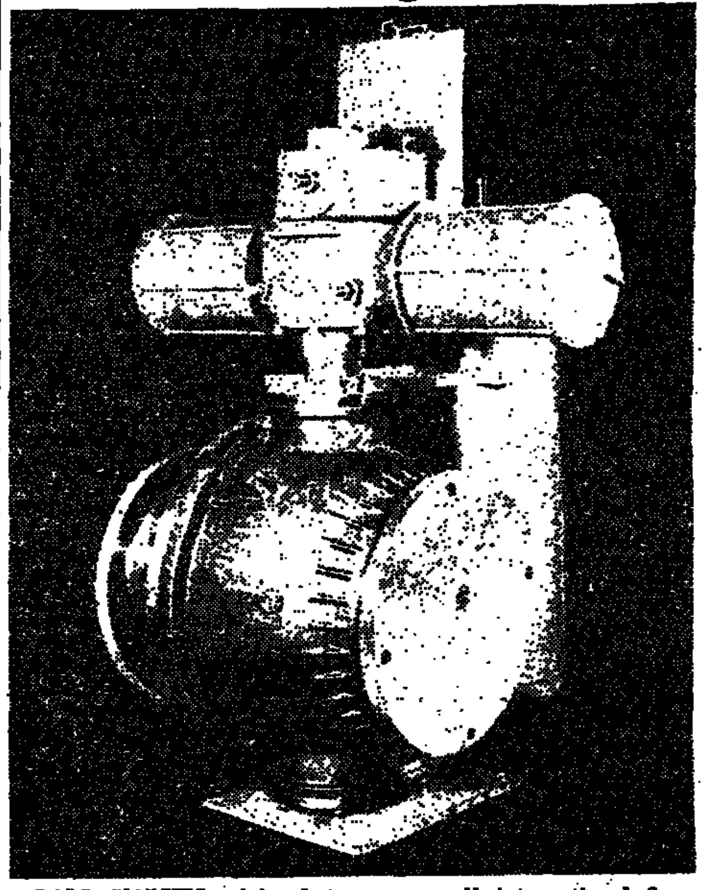
According to the company, such components need to be thin, to cut down the amount of plastic used and to reduce processing time. This can, however, lead to a lack of strength and rigidity in the part.

Using holography to generate interference patterns, it is possible to see how the surface of a component reacts to forces, such as bending, or heat. BASF says that holographic interferometry as the technique is called, is very accurate because it can make minute deformations visible.

Unevenness in the pattern of the interference lines indicates uneven deformation, for which there may be several reasons: some obstacle to deformation, weak points, lack of homogeneity in the material or flaws in the component, to name but a few.

The decisive advantage of holographic interferometry lies in its ability to make visible minute deformations and variations in the component. The process is therefore an important adjunct to optimum design and development of components. Because of its high degree of measuring accuracy even minute changes in stress or temperature are sufficient to produce effective and useful interferograms.

A valve for all gases



BALL VALVES, claimed to surpass all international fire tests with sealing characteristics from minus 200 degs C to 1,000 degs C have been introduced by Flexitallic International Valve Engineering. The valves, say the company, can deal with hydrocarbons, furnace gasses, superheated steam, molten lead, and a variety of other chemicals. Full details are available from Flexitallic, Longmore Avenue, Bentley Mill Industrial Estate, Walsall, West Midlands (0922 20433).

Lathe which learns from its human operator

A LATHE for spinning metal sheet which can be "taught" to do each job has been developed by M and M Mechanika, Dynamostraat 4, 3903 LK Veenendaal, The Netherlands.

Initially the machine is used as a manual spinning lathe and in this learning mode it memorises exactly the action that is being carried out by the operator—where, when and for how long.

As soon as a satisfactory product has been made by the operator the machine is switched to the copying mode, whereupon it will turn out the same part indefinitely.

The random access memory has a playing time of either five or 10 minutes and it stores all the main machine functions such as main motor, spindle brake, tailstock and at the same time the path which the spinning roller follows as a result of the movement of the two slides.

Contents of the RAM can be held on tape as a back up, as can many other programs—any of them can be loaded into the RAM at any time to make a particular part.

Automatic boiler ignition

AN AUTOMATIC ignition system for solid fuel boilers has been announced by Joshua Bigwood and Sons, in Wolverhampton.

The system comprises an electric motor-driven hot air blower with a heater element, hot air converting tube and a special nozzle for carrying the air and an electronic control unit.

The aim is to make coal fired boilers simpler to ignite so that they are more competitive with oil and gas models and require little manual supervision.

COMPANY NOTICES

Notice to Holders of European Depositary Receipts (EDRs) in NIPPON SHINPAN COMPANY, LIMITED

Further to our Notice of September 11, 1981, EDR holders are informed that Nippon Shinpan has paid a dividend to holders of record September 30, 1981. The interim cash dividend payable is Yen 4.00 per Common Stock of Yen 50.00 per share. Pursuant to Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 7 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

Arab Republic of Egypt	France	Romania
Australia	Hungary	Singapore
Belgium	Ireland	Spain
Brazil	Italy	Sweden
Canada	Malaysia	Switzerland
Czechoslovakia	The Netherlands	United Kingdom
Denmark	New Zealand	United States of America
Federal Republic of Germany	Norway	Zambia
Finland	Republic of Korea	

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1982.

Amounts payable in respect of current dividends:—

Coupon No. 7 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	U.S.$18.26	U.S.$15.52	U.S.$14.61
100 shares	U.S.$ 1.82	U.S.$1.55	U.S.$ 1.46

Depositary: Citibank, N.A., 336, Strand, London, WC2R 1HB

Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese

December 29, 1981.

Notice to Holders of European Depositary Receipts (EDRs) in SUMITOMO ELECTRIC INDUSTRIES, LTD.

Further to our Notice of September 25, 1981, EDR holders are informed that Sumitomo Electric Industries, Ltd. has paid a dividend to holders of record September 30, 1981. The interim cash dividend payable is Yen 3.00 per Common Stock of Yen 50.00 per share. Pursuant to Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 1 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

Arab Republic of Egypt	France	Romania
Australia	Hungary	Singapore
Belgium	Ireland	Spain
Brazil	Italy	Sweden
Canada	Malaysia	Switzerland
Czechoslovakia	The Netherlands	United Kingdom
Denmark	New Zealand	United States of America
Federal Republic of Germany	Norway	Zambia
Finland	Republic of Korea	

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1982.

Amounts payable in respect of current dividends:—

December 29, 1981.

Coupon No. 1 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	U.S.$13.70	U.S.$11.64	U.S.$10.96

Depositary: Citibank, N.A., 336 Strand, London, WC2R 1HB

Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese

De Beers Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND ON THE ORDINARY SHARES

DIVIDEND NO. 63 ON THE ORDINARY SHARES

Dividend No. 63 of 140 cents per share (1980: 100 cents) being the final dividend for the year ending 31st December 1981 has been declared payable to the holders of ordinary shares registered in the books of the Corporation at the close of business on 8th January 1982. This dividend, together with the interim dividend of 85 cents per share declared on 18th August 1981 makes a total of 225 cents per share for the year (1980: 160 cents).

For the purpose of this dividend the share transfer registers and registers of members will be closed from 9th January 1982 to 22nd January 1982, both days inclusive.

Warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 6th May 1982. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 11th January 1982 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Corporation's transfer offices in Johannesburg or the United Kingdom on or before 8th January 1982.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head office and London office of the Corporation and also at the Corporation's transfer office in Johannesburg and the United Kingdom.

By Order of the Board
DE BEERS CONSOLODATED MINES LIMITED
Secretaries
Per: A. K. FORRESTER

Head Office: 36 Stockdale Street, Kimberley, South Africa.

London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London, EC1P 1AJ.

Transfer Secretaries: Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 (P.O. Box 61051, Marshalltown, 2107). Charter Consolidated P.L.C., P.O. Box No. 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ

28th December, 1981.

GENERAL MINING UNION CORPORATION GROUP
ANNUAL GENERAL MEETINGS

The Annual General Meetings of the undermentioned companies (all of which are incorporated in the Republic of South Africa) will be held at Union Corporation Building, 74/78 Marshall Street, Johannesburg, on the date and times mentioned below:—

Name of Company	Date and times of meetings
Unisel Gold Mines Limited	Friday, 22 January 1982 at 9.30 a.m.
Kinross Mines Limited	Friday 22 January 1982 at 10.00 a.m
Winkelhaak Mines Limited	Friday 22 January 1982 at 10.30 a.m.
Leslie Gold Mines Limited	Friday 22 January 1982 at 11.00 a.m
Bracken Mines Limited	Friday 22 January 1982 at 11.30 a.m.

per pro GENERAL MINING UNION CORPORATION (UK) LIMITED
London Secretaries
L. J. BAINES

30 Ely Place, London EC1N 6UA.

LEUMI INTERNATIONAL INVESTMENTS N.V.
U.S.$75 MILLION GUARANTEED FLOATING RATE NOTES 1986

The interest rate applicable to the above Notes in respect of the six month period, commencing 29th December, 1981 has been fixed at 15⅝% per annum.

The interest amounting to US$78.99 per US$1,000 nominal to US$789.93 per bond of US$10,000 nominal and to US$7,899.31 per bond of US$100,000 nominal will be paid on Tuesday 29th June, 1982 against presentation of coupon No. 6.

BANK LEUMI TRUST COMPANY OF NEW YORK.
Principal Paying Agent.

ANHEUSER BUSCH INTERNATIONAL FINANCE N.V.
11¼% GUARANTEED BONDS DUE 1990
Notice to Bond Holders

NOTICE IS HEREBY GIVEN of the availability of the statement of financial position and statement of income and retained earnings of Anheuser-Busch International Finance N.V. and the 1980 Annual Report to shareholders of Anheuser-Busch Companies, Inc., for the calendar year 1980 at the offices of Manufacturers Hanover Trust Company, 7 Princes Street, London EC2P 2LR

MANUFACTURERS HANOVER TRUST COMPANY, LONDON, AS LONDON PAYING AGENT

December 1981.

EULA INTERNATIONAL B.V.

Floating Rate Note Issue of US$25 million 1981/1989

The rate of interest applicable for the six month period beginning 24th December 1981 and set by the reference agent is 15¼% annually.

Title chase still wide open

THE FREEZE-UP has brought the usual demands from some league managers and clubs, who have been hard-hit financially, *for a midwinter soccer break.*

Although at first glance this has obvious attractions, it does not take into account the impossibility of forecasting when the arctic conditions will occur. The festive season, for example, has not only been a good period weather-wise for football over *the years but has regularly* produced two of the biggest gates of the season.

This loss of revenue at a time when most clubs are trying to claw themselves out of a recession could spell bankruptcy for some, and substantial cutbacks in staff for many *others.*

One team which has been able to smile throughout these grim three weeks have been Queens Park Rangers with their artificial pitch.

On Saturday, they had easily their largest gate of the season, which was at least some compensation for their 2—0 defeat by Chelsea. This arose basically from the inability of Rangers to convert chances into goals.

The big freeze has already caused a substantial backlog of League and Cup fixtures, which could prove a handicap for Ron Greenwood in his World Cup preparations. It also makes long-term predictions of what will happen in the New Year even more difficult.

Normally by this stage in the proceedings, the eventual winner of the First Division can be narrowed to three or four teams, but now at least 10 are still in with a chance, especially with three points instead of two awarded for a win.

The outstanding side so far has been Swansea. Everyone expected West Ham to do well, but few anticipated that the Welsh club, which only just secured promotion, would be challenging seriously for the title.

My own fancy for the championship is Ipswich, who are more able to cope with injuries *to key players than last season,* or Manchester United, who are capable of beating any club in the country at their best.

Their manager, Ron Atkinson, has an exceptional midfield quartet and in Stapleton and Birtles, two of the best forwards in the country.

United represent a very good bet because the defence is well-organised and there is an abundance of high-class cover for individual loss of form or accidents.

All United need to change *from a good side into an outstanding one is a greater belief* in themselves. Nottingham Forest are another club to watch, now that they have strengthened their defence and are capable of consistently picking up those three points at home and away, while it would also be a mistake to write off Mancester City.

My three for promotion to the First Division are Luton, Watford and QPR. Luton are unquestionably the best eleven I have seen in the Second Division, effective and attractive; Watford have already won more away games than they did in the whole of last season, and Rangers, at full strength, will take some stopping.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

YESTERDAY

DIVIDEND & INTEREST PAYMENTS—

Guest, Keen and Nettlefolds Lns. 3¼ 3¼pc. Do. (UK) Dbs 3 3½ (84-89) 3½ (76-81) 3¼ 3¼ 3⅞ (87-92) 3⅞ (87-92) (2nd Sers.) 4⅞ 5¼ 5¼pc
Usco Pf. 3¼pc

TODAY

COMPANY MEETINGS—

Bailey (Ben). Elizabeth House, Cliff Street Mexborough, 12.00
North American Tst., Belsize House, West Ferry, Dundee, 12.00
Wearwell, 101, Commercial Road, E. 11.00

BOARD MEETINGS—

Finals
Vectis Stone

DIVIDEND & INTEREST PAYMENTS—

Fortnum and Mason 3.3p
Leumi Intnl. Invs. Gtd. Fltg. Rate Notes 1986 $90.86
M and G Japan and General Fund Income 0.6p
Malakoff Berhad Sen. 7.5
Press (William) Grp. 1.32p
Sefton Var. Rate Red. Db. 1983 £6.8750
Weir Grp. 0.1p

TOMORROW

COMPANY MEETINGS—

Bright (John) Grp., Field House Mill, Field House Road, Rochdale, 10.30
Jenks and Cattell, Park Hall Hotel, Goldthorn Park, Wolverhampton 11.00
Mid-Kent Water Co., High Street, Snodland, Kent, 12.00
Prestwich Parker, Bag Lane, Atherton, Manchester, 11.00
Stothert and Pitt, Guildhall, Bath, 12.00

BOARD MEETINGS—

Finals:
Nash (J. F.) Securities
Watson and Philip
Interims:
Armour Tst.
Harris (Philip)

DIVIDEND & INTEREST PAYMENTS—

Bendix Corp. 83cts
Bodycote Int. 2p
Canadian and Foreign Secs. 160cts

THURSDAY DECEMBER 31

COMPANY MEETINGS—

Nelson (David), Holiday Inn, Ditton Road, Langley Slough, 3.00
Walker (Alfred), Swan Hotel, Colshill, Birmingham, 12.00

DIVIDEND & INTEREST PAYMENTS—

AAA Inds. 4pcPf. 1.4pc
Al Industrial Prods. 6pc Pf. 2.1pc
APV Dbs. 2¼ 3Z 5pc
Acrow Ln. 4pc Ln. (Ptly. Cnv.) 4pc
Adwest Lns. 3 (83-88) (2nd Sers.) 3pc
Albright Wilson Dbs. 3½ 4pc
Alcan Aluminium (UK) Ln. 5¼pc
Alexanders Hldgs. 9½pcPf. 3.325pc
Allied Plant Pf. 5pc
Allied Polymer Ln. 10pc
Allied Suppliers Ln. 3.3375pc
Amal. Power Eng. Ln. 3pc
Anglo Scottish Inv. Tst. Db. 3¼pc
Anglovaal Pf. 3.15708p. Pf. 2.6309p.
Antofagasta 5pc (now 3pc) Stlg Ln. 1914 2½pc
Appleyard 7pc Pf. 2.45pc
Arbuthnot Latham Ln. 2¼ 5pc 1.3863pc (1 10.31 to 31.12.81) (final payment)
Argyll Foods 8pc Pf. 4pc
Armitage (Geo.) 5pc Pf. 2.5pc. 10½pc Pf. 5.25pc
Armstrong Equip. 6½pc Pf. 2.275pc
Arndale Prop. Tst. Ln 3⅞pc
Ash and Lacy Db. 4pc
Asprey 6½pc Pf. 2.275pc. 9¾pc Pf. 1.236pc
Aspro-Nicholas 5¾pc Pf. 2.0125pc
Assam-Dooars 6pcPf. 2.1pc
Assoc. British Foods Db. 3¼pc
Assoc. Leisure 3¼pc
Avana 7pc Pf. 2.45pc
Avon Rubber 4.9p. Pf. 2.45pc
Aylesbury Brew. Db. 2pc

BICC Db. 3¼pc
BOC Intnl. 2.8pc Pf. 1.4pc. 3.5pc Pf. 1.75pc. 4.55pc Pf. 2.275pc
BPM Hldgs. 5½pc Pf. 1.925pc. Ln. 3¼pc
BSG Intnl. 0.1p. Db. 3½. 4¾pc. Ln. 6¼pc
BTR Db. 3¾ 5¼pc
Babcock Intnl. 6pc Pf. 2.1pc. 5pc Pf. 1.75pc. 4pc Pf. 1.4pc. Ln. 3½pc

Ductile Steel 6pcPf. 2.1pc
Dufay Bitumastic Ln. 5¼pc
Dufay Titanine Ln. 3½pc
Dunlop Hldgs. Db. 2¼ 2¼pc

EIS Group 5pcPf. 1.75pc. Db. 2pc. Ln. 4pc
East Lancashire Paper Ln. 3¼pc
East Midland Allied Press 5pcPf. 1.75pc
Eastbourne Waterworks Db. 3¼ 6¼
Eastern Produce Ln. 5¼pc
Ecclesiastical Ins. Office 10pcPf. 5pc
Edinburgh American Assets Ln. 4pc
Edbro Hldgs. 2p
Electric. General Invst. Db. 10.1pc
Empire Stores (Bradford) Db. 4½pc
English, New York Trust 5pcPf. 1.75pc
English Electric Db. 2¾ 3½pc
English National Invst. Db. 4¼pc
English Property Corp. Deb. 3¼pc. Ln. 6pc
Ennia Finance (UK) Ln. 4½pc
Essex Water 3.5pc (Fmly. 5pc) Pf. 1.75pc
Estates, Agency 3½pc Pf. 1.75pc
Estates, General Invst. 4.9pcPf. 2.45pc
Everards Brewery 5pcPf. 1.75pc
Expanded Metal 4½pc Prf 1.575pc
Express Dairy Prop. Db. 2⅞ 3¼pc

FFI (UK Finance) Db 3⅝pc(1989-92)pc
Felixstowe Dock and Railway 9.5pc Pf 4.75pc. Db 3¼pc
Felixstowe Tank Dev. Db 3¼pc
Fenner (J. H.) (Hldgs.) 3.85pc Pf 1.925pc
Fitzwilton 6½pc Pf 2.275pc. Ln 4½pc
Finlay (James) 4.2pc Pf (1st) 2.1pc. 4.2pc Pf (2nd) 2.1pc. 5pc Pf 2.5pc
Finlay Packaging Db 3¼pc
Fitch Lovell 6½pc Pf 2.275pc. Ln 3⅝pc
Fletcher (E.) (Builders) Ln 5pc
Flight Refuelling (Hldgs.) 6pc Pf. 2.1pc
Fogarty (E.) Pf 5.25pc
Folkstone and District Water 4.55pc (Fmly. 6½pc) Pf 2.275pc (final payment). 4.9pc (Fmly 7pc) Pf 2.45pc. 2.8pc (Fmly 4pc) Pf 1.4pc. Db 2 2½ 3½ 5 6¼pc
Forte Hldgs. Db 6.1pc
Fortnum and Mason 7pc Pf 2.45pc
Forward Technology Inds. Ln 4pc
Foseco Minsep 4¼pc Pf 2.1875pc. 8¼pc Pf 4.125pc
Foster (John) 4½pc Pf 1.575pc
Foxboro 35cts
Francis Inds. 5½pc Pf 1.925pc
French Kier Hldgs. Ln 3⅝pc
Fulcrum Invs. Trust Inc 2.5pc
Fuller Smith and Turner (USM) A 2.1pc
Futura Hldgs. 7pc Pf 2.45pc

GR (Hldgs.) 6pc Pf 2.1pc. 10½pc Pf 5.25pc
GT Japan Invs. Tst Ln 4¼pc
Gadek (Malaysia) Berhad Db 5pc
Garnar Booth 6pc Pf 2.1pc
Gaskell Broadloom 5pc Pf 1.75pc
General Accident Fire and Life Assce. Corp. Ln 3¼ 3¼pc
Gibbs and Dandy 7pc Pf 2.45pc. Db 4¼pc
Gill and Duffus 6pc Pf 2.1pc
Gillett Bros Discount Ln 5pc
Glasgow Stockholders Db 2pc
Glaxo Hldgs. Ln. 3¼pc
Glynwed 7¾pc Pf 2.7125pc. Ln 3pc
Goodrich (B. F.) 39cts
Grampian 7pcPf 2.45pc. Db 3¼pc
Great Universal Stores Ln 2.6875 3.4375 4½pc
Greatermans Stores Ptg Pf 5.30447p
Greene King Db 3⅞pc
Group Inv. 2½pc

HAT Grp. Ln. 4pc
Haden 5½pcPf. 1.925pc
Hall and Ham River Dbs. 2⅞ 3¼pc
Hall Engineering 6½pcPf. 2.275pc. Ln. 3⅞pc
Hall-Thermotank Ln. 3pc
Hallam Sleigh and Cheston 7pcPf. 2.45pc
Halma Ln. 3½pc
Halstead (James) 5½pcPf. 1.925pc. Db. 3¼pc
Hambros Inv. Tst. Db. 2½pc
Hampson Inds. Ln. 4pc
Hanson Tst. 7½pcPf. 2.625pc
Harris Furnishing Db. 3½pc
Harris (L.) (Harrella) 5pcPf. 1.75pc
Hartlepool Water Db. 4pc
Hawker Siddeley 3.7p. Db. 3⅞ 4¼pc
Headlam, Sims and Coggins 5.6pcPf. 2.8pc
Heal and Son 6pcPf. 2.1pc
Helene of London 12pcPf. 6pc
Hellenic and Gen. Tst. Db. 2½pc
Hepworth Ceramic Db. 3¼pc
Hewitt (J.) and Son (Fenton) 10pcPf. 5pc
Hickson and Welch (Hldgs.) Ln. 4¼pc
Higgs and Hill 7pcPf. 2.45pc
Highams 0.804p
Hill (Charles) of Bristol 6pcPf. 2.1pc
Hill Thomson Db. 4pc
Hoechst Finance Ln. 55 (with rights to sub.pc
Hopkinsons 6pcPf. 4.2pc. Db. 3¼pc
Hoveringham Grp. 7pcPf. 2.45pc. Db. 3¼pc
Hume Inv. Tst. 2⅞ 2⅞(A) 3¼ 3⅝pc

Ofrex Grp. Db. 3½pc
Oliver (George) (Footwear) 4¼pcDb. 2.375p
Orme Developments Ln. 4½pc

Paramount Realty Hldgs. Db. 4½pc
Peachey Prop. 5pcPf. 1.75pc. Db. 3½pc
Pearson Longman Dbs. 4 4¼ 5¼pc
Pearson (S.) and Son 5pcPf. 1.75pc
Pelotas 5pcLn. 2½pc
Pentland Inds. Db. 3¼pc
Philips Finance Ln. 2⅞pc
Pickles (William) 5½pcPf. 1.925pc
Pitney Bowes Ln. 2¼pc
Pittard Grp. 9½pcPf. 4.75pc
Plessey Db. 3⅝pc
Portals Hldgs. Ln. 4¼pc
Porter Chadburn 6pcPf. 2.1pc
Priest (Benjamin) Grp. Db. 3pc
Procur (UK) Db. 5⅞pc
Provident Financial Grp. 7pcPf. 2.45pc

Queens Moat Houses Ln. 5¼pc
Quick (H. and J.) Grp. 10pcPf. 5pc

RFD Grp. 5½pcPf. 1.925pc
Ramar Textiles 5pcPf. 1.75pc
Rank Organisation Lns. 2¼ 3 4pc
Rank Precision Inds. Db. 3⅝pc
Ranks Hovis McDougall Ln. 3.3125pc
Ree Bros. 4.2pcPf. 2.1pc. 5.425pcPf. 2.7125pc
Reeves (F. J.) Db. 5½pc
Regis Property Hldgs. Ln. 4¼pc
Relyon (PBWS) Ln. 3⅞pc
Rex Trueform Clothing Pf. 3pc
Rightwise Ln. 5pc
Rio Tinto-Zinc Lns. 3⅞ 4¼pc
River and Mercantile Trust 5pc Pf 1.75pc
River Plate and Gen. Inv. Trust Db 2pc
Robertson Foods 5.5pc Pf. 2.75p
Robinson Bros. (Ryders Green) 11pc Pf 5.5pc
Rockware Group 6½pc Pf 2.275pc
Romney Tst. Ln. 2¼pc
Rotork 9½pc Pf 4.75pc
Rowntree Mackintosh 6pc Pf. 2.1pc. 7pc Pf 2.45pc. 7½pc Pf 2.625pc
Rowton Hotels 4½pc Pf Db 5¼pc
Royal Bank of Scotland 5½pc Pf 1.925p. 11pc Pf 3.85p
Royal Worcester Db 3⅞pc
Ruberoid Ln 5¼pc

Cedar Inv. Trst. Db. 2¼pc
Central Sheerwood 10pcPrf. 5pc
Chile 5pcAnns. (Ser. A) Assd. 2½pc. 5pc Anns. (Ser. B) Assd. 2½pc. 5pcAnns. (Ser. C) Assd. 2½pc. 4½pc (now 3pc) Ln. 1885 (Assd.) 2¼pc. 4½pc (now (3pc) Bds. 1893 (Assd.) 2¼pc
Colne Valley Water Dbs. 2 2½ ½ (1980-85) ½ (1986-91) 2⅞ 2 (Cons.) 3¼ 1¼pc
Comm. Union Assce 5pcPrf. 1.75p
Cosalt 10.5pcPrf. 5.25pc
Crowther (John) 5pcPf. 1.75pc

Denmark 3½pc(1901) 1¼pc
Drayton Cons. Tst. 2.8pcPf. 1.4pc. 3.5pc Pf. 1.75pc. 5pcPf. 1.75pc. Deb. 2⅛pc
Drayton Premier Inv. Tst. 3.5pcPf. 1.75pc. 5pcPf. 1.75pc. Debs. 2⅛ (Perp.)
Dunlop Hldgs. Deb. 2¼ (72-82)

East Anglian Water 2.8pc (fmly. 4pc) Cons.Pf. 1.4pc. 3.85pc (fmly. 5½pc)Red. Pf.80-81 1.925pc. 4.2pc (fmly. 6pc)Red. Pf.82-83 2.1pc. Debs. 2 (Jan. and July). 2½ (Jan. and July)
Electrical and Ind. Inv. Deb. 2pc
Elson and Robbins 6pcPf. 2.1pc
Esmark Inc. 46cts

Ferranti 5.6pcPf. 2.8pc
First Chicago 30cts

General Accident Fire and Life Ass. 7.5pc. 5½pcPf. 1.925pc
General Cons. Inv. Tst. Debs. (78-83)
General Telephone and Elec. 71cts
Grand Met. 5pcPf. 1.75pc. 6¼pcPf. 2.1875pc
Great Universal Stores 7pcPf. 2.45pc. 4½pc APf. 1.575pc. 4½pcCPf. 1.575pc
Greece 5pc1881 2½pc. 5pcLn.1884 (Assd.) 2½pc. Monopoly 4pc1887 (Assd.) 2pc. 5pcFdg-1893(Assd.) 2½pc. 4pcRlys. 1902(Assd.) 2pc

Hartlepool Water 3.5pc (fmly. 5pc) Max. 1.75pc. 4.025pcPf. 83-85 2.0125pc
Hawtin 4.55pcPf 2.275pc
Hulett's Refineries Db. 1¼pc
Hull 3½pcIrrd. 1¾pc

IC Inds. 55 cts.
India Buildings Db. 1⅞pc
Int. Distillers and Vinters Db. 2¼pc
Int. Inv. Tst. Db. 2pc
Int. Telephone and Telegram 67 cts.
Irish Free State 4½pc Land Bonds 2¼pc

Johnson Group Cleaners 9pcPf. 3.15pc

Kayser Bondor 6pcPf. 2.1pc
Kennings Est. 5½pcPf. 1.925pc
Kenning Motor 5½pcPf. 1.925pc. 7pcPf. 2.45pc
Kershaw (A.) 8pcPf. 2.8pc

Laughton and Sons 7½pcPf. 2.625pc
Lee Valley Water Co. Dbs. 2. 2½. 2¾. 3. 3¼. 3⅜. 3¼. 3⅞. 4⅛. 3½pc
Leeds 2½pcRd. 1927 (or after) 1¼pc.

BUSINESS LAW

The year of the bombs

BY A. H. HERMANN, LEGAL CORRESPONDENT

ONLY A few hundred years ago English judges had a halo hovering above their heads, were never criticised, married heiresses, and in due course, received a peerage. What a contrast now—not even the Law Lords are safe from criticism, and most people know of only one good boy among them, Lord Scarman. The only other judge who is widely known is Lord Denning, president of the Court of Appeal, whom many people love, but others blame for all the failings of the law.

It would all be very simple if it was just a question of good and bad judges. Unfortunately, good or bad, they are all shackled by a system in which it is almost impossible to operate efficiently and which produces many unfair results. The absence of codified, or at least consolidated, statutes, and their obscure drafting are one difficulty. The habits of grammatical interpretation follow partly from the absence of a clear statement of intent in the statutes; and finally, parties, lawyers and judges are all trapped in the medieval debris of civil procedure. The year that is now drawing to an end has seen some remarkable efforts at overcoming these difficulties.

The highest marks should probably go not to lawyers but to communications engineers who valiantly tried to bring some electronic order into the mess. Two full-text retrieval systems, Lexis and Eurolex, took a big stride forward this year, and there are also two smaller systems, Lawtel and Clarus, providing useful indexes and summaries over Prestel. And to speed up printed information about business law developments, the Financial Times started publishing Com*mercial Law Reports.*

Computers can help but will not get to the root of the trouble—that can be removed only by legislation. A welcome step in that direction was the Government decision to reorganise the Chancery Division *of the High Court in accordance* with the recommendation presented in March by Lord Justice Oliver and Mr John Woolf. Going by some of his public utterances, one can assume that Lord Hailsham, the Lord Chancellor, is well aware that reform is needed also in other parts of the judicial system. A new recruit to the chorus calling for the reform of civil procedure is the Law Society. Let us hope that it will pursue the objectives which Mr Denis Marshall outlined in his presidential address to the society's annual conference.

In the field of commercial legislation the year brought a new Companies Act which went further than originally expected but it is too early to assess its quality. The problems caused by new legislation usually take the form of bigger or smaller time bombs and at least three such time bombs have exploded during the course of the year. The smallest of these—or shall *we say the one which was least* noticed — was hidden in the Patent Act 1979. This beautifully drafted Act was based on the asumption that the European Patent Office would relieve the British Patent Office much more than it in fact did. This, in connection with greater demands on examinations and the new requirement that specifications should be published within 18 months, led to a great backlog of patent applications.

Another 1979 statute which backfired this year was the Arbitration Act. This was hurriedly passed in the last hours of the Labour Government and many desirable amendments were jettisoned in the process. The result was an Act upon the meaning of which judges have not yet been able to agree. A tug-of-war developed between the Commercial Court, favouring a liberal exercise of the judges' discretion to grant leave to appeal from arbitral awards, and the higher courts which prefer that the arbitral award should be treated as far as possible as final. At one point it seemed that the stricter interpretation had been settled by Lord Diplock's *guidelines* in the *Nema,* but the issue was unsettled again by Mr Justice Parker's guidelines on how Commercial Court judges should apply Diplock. The Government now seems to be aware of the need for further legislation.

The greatest explosion of all, however, was caused by the delayed-action bomb buried in the London Transport Act 1969. This Act provided pedantic guidance on many unimportant issues but left in the dark whether the Greater London Council might be guided by social considerations (and make the ratepayers pay for them) or whether it must try to break even. The Court of Appeal and House of Lords agreed that the GLC could ask the ratepayers to pay only unavoidable deficits, and thus revealed not only the shortcomings of legislation but also the shortcomings of the judicial process. Their judgments did not provide a practical solution to the consequences of the illegality, as both the Supreme Court of the U.S. and the European Court would probably have done in such circumstances.

However, it is probably too much to ask judges to think of the practical consequences as long as they cannot agree on a uniform and reasonable method of interpretation. The old, tough beast of literal interpretation lifted its ugly head again in such judgments as *Bremer Vulcan* denying arbitrators and judges the power to stop arbitration for want of prosecution, and in the *Chikuma* where *charterers were landed with* a substantial loss because the owners' bank did not pay interest for the first four days on the amount of hire received from the charterers as soon as it was due. But the House of Lords also delivered judgments remarkable for the emphasis placed on the intent of the legislator. Such were those in the *Ramsay* case and in the *Burmah* case which outlawed tax avoidance schemes relying on "loopholes" created by grammatical interpretation of the Finance Act.

By refusing to wear blinkers and to look at transactions isolated from the context to which they properly belonged, the Law Lords eliminated the possibility of making profits disappear by transactions which had no other purpose than tax avoidance—a great step towards the purposive interpretation of law. The Law Lords took an even bolder step in that direction in *I Congreso del Partido* when they finally embraced the restrictive theory of sovereign immunity and said that state traders could be brought before municipal courts for breaches of contract, or civil wrongs, even if these were politically motivated. This judgment, given in a case of a Cuban breach of a sugar contract with Chile, may yet provide a small silver lining to the dark cloud *of impending default on* their debts by other Communist countries.

★

This is not exactly a cheerful note on which to end, but then this was not a very merry Christmas for many people in the UK and Europe.

Tomorrow: the year in Europe.

Gifford's Flying hopes

RACING

BY DOMINIC WIGAN

UNLESS PLUMPTON'S already heavy ground has become waterlogged by this afternoon, racing's unsteady return to normality should continue this afternoon.

Nobody is more anxious to see a resumption on this popular Sussex track than Josh Gifford, the county's most successful trainer of the past few seasons. Aldaniti's handler is represented in all but one of the six races.

In the principal event, the Derek Hambling Handicap Chase over three miles and one furlong, Gifford relies on Flying Romany, a useful chaser, to carry the white and royal blue colours of Mr Embiricos, Aldaniti's locally based owner.

Last time out Flying Romany proved that after training problems he is back to his best. He was in a close finish with Katmandu for Windor's three-mile Salt Hill Handicap.

Flying Romany, awarded that race after suffering severe interference by Katmandu, who won by a head, *should not be* hard pressed to get this additional furlong in holding ground. He is preferred to Miss Pilgrim, Ben Wise's improving course winner.

A second likely winner for Gifford, whose yield here last season was a modest four successes from 30 runners, is Sarem Kybo.

PLUMPTON

12.45—Driving*
1.15—Southern Mobile
1.45—Flying Romany**
2.15—Jack Jiggs
2.45—Sarem Kybo
3.15—Mon's Beau***

TELEVISION

Chris Dunkley: Tonight's Choice

David Rudkin comes very high indeed on a rather short list of television playwrights whom I greatly admire. However, his work doesn't turn up all that often in this medium—in fact his last truly memorable TV play was **Penda's Fen** in March, 1974. So I had high hopes for tonight's three-hour Rudkin blockbuster **Artemis 81**. I must admit that after previewing the first half I had to take a break, and I never managed to get back for the rest. It is set in familiar Rudkin territory, where natural *and supernatural mingle so creepily,* but the "look out behind you" moments are heavy handed, and what with demon organist Drachenfels and demon surgery in the cellar, it all looks a bit like a Hammer film. Well, the first half does anyway

I have never understood the adulation heaped upon Chekhov, whose main invention seems to have been the play in which the entire plot occurs in the wings, leaving only proto-Pinter dialogue onstage. Even I, however, was seduced by the RSC version of **The Three Sisters** at the Warehouse which, while it still looked like a drama exercise at least was a superb one, and with quite beautiful faded gold icons for backdrops. Tonight Thames brings this same production to ITV.

BBC 1

9.25 am Gymnast. 9.50 The Perishers. 9.55 Jackanory. 10.05 The Perils of Penelope Pitstop. 10.25 Why Don't You . . .? 10.50 Play Chess! 11.00 Go With Noakes. †11.30 King of the Rocket Men. 11.40 The Hardy Boys and Nancy Drew Mysteries. 12.30 pm News After Noon; Weather. 12.42 Regional News for England (except London). 12.45 Over the Moon. 1.00 Behind the Greasepaint. The Rastellis Clowns. An insight into the world of music and mirth of one of Europe's most famous clown families. 1.30 Daffy Duck. 1.35 Winnie the Pooh and the Hunny Tree. 2.00 A Distant Trumpet. Film (1964) starring Troy Donahue, Suzanne Pleshette, Diane McBain, James Gregory. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. A cartoon series. 4.25 Jackanory with Instant Sunshine. 4.40 John Diamond by Leon Garfield. William Jones runs away from home, haunted by the memory of his father. *5.35 Ivor the Engine.*

5.40 Evening News; Weatherman.
5.50 Cartoon: "The Pup's Christmas."
6.00 Pop Quiz. Introduced by Mike Read.
6.35 Tomorrow's World.
7.05 The Day of the Dolphin. Film (1973) starring George C. Scott and Trish Van Devere.
8.50 Main News; Weatherman.
9.00 Artemis 81. A film by David Rudkin
12.05 am-12.10 Weatherman.

BBC 2

11.00 am Play School. 11.25 Closedown.
†2.30 pm Harold Lloyd in "Feet First" (1930).
3.55 Holiday Musical: "Can-Can," starring Frank Sinatra, Shirley MacLaine, Maurice Chevalier, Louis Jordan, Juliet Prowse (1960).
6.00 The Waltons: "The Lost Sheep."
6.45 News Summary with subtitles; Weather.
6.50 One Hundred Great Paintings. Henri Rousseau's "The Sleeping Gypsy."
7.00 From Magna Carta to Microchips. The second lecture on the theme of measurement by Professor R. V. Jones, FRS.
8.00 Newsnight. 1981 — The Year the Rules Changed? A review of the political year.
†8.50 Jack Lemmon in "The Apartment," also starring Shirley MacLaine (1960).
10.50 Late News; Weather.
11.00-12.15 am The Best of Dean Martin. The supremely casual style of Dean Martin as recalled by some of his most famous friends.

LONDON

9.30 am The Land of Lots of Time. The history of the Western Plains of New South Wales, plagued by rabbits and droughts. 10.20 Young Ramsay. 11.05 Welcome Back, Kotter. Gabe Kaplan in "Follow the Leader," Part 1. 11.30 Nature of Things. "Dreams." On a 3,000-acre farm in Virginia, U.S., psychiatrists and psychologists analyse people's dreams. 12.00 Button Moon. "A Witch Comes to Stay." 12.10 pm Pipkins. 12.30 The Sullivans, starring Paul Cronin, Lorraine Bayly. The continuing story of Australian life during World War II. 1.00 News at One. News with Peter Sissons, plus weather, Financial Times Index. 1.20 Thames News. With Robin Houston. 1.30 Rumpole of The Bailey. Leo McKern in "Rumpole and the Course of True Love." 2.30 A Christmas to Remember, starring Jason Robards, Eva Marie Saint. 4.15 Hey Presto! Presented by Ali Bongo with Terry Herbert, Alan Shaxon and Anne, and The Great Kovari. *4.45 Ace Reports.* With Paul Henley, Stephanie Laslett, Steve Steen, Jim Sweeney. 5.15 Diff'rent Strokes. Conrad Bain in "The Tutor."

5.45 News.
6.00 Thames News. With Andrew Gardner, Rita Carter.
6.35 Crossroads.
7.00 Once Upon a Spy, starring Ted Danson, Mary Louise Weller, Eleanor Parker and Christopher Lee.
8.45 ITN News
9.00 The Three Sisters, by Anton Chekhov,

ANGLIA

9.20 am Sesame Street. 10.20 Captain America. 12.30 Gardening Today. 1.20 pm Anglia News followed by weather forecast. 6.00 About Anglia. 12.30 am Reflection.

ATV

9.40 am Larry The Lamb In Toytown. *9.50 The Wild, Wild World Of Animals.* 10.15 Young Ramsay. 11.00 Sesame Street. 12.30 pm Gardening Today. 1.20 ATV News. 5.15 Mork And Mindy. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today.

GRAMPIAN

9.30 am First Thing. 9.35 The Christmas Martian. 10.35 Stingray "A Christmas to Remember." 11.00 Sesame Street. 12.30 pm Gardening Today. 1.20 North News. 5.15 The Dazzle. 6.00 North Tonight and Area Weather Forecast 12.30 am North Headlines and Weather Forecast.

GRANADA

9.30 am Stingray. 9.55 The Bubblies and Casper the Friendly Ghost. 10.05 The Making of Superman. 10.55 Sesame Street. 1.20 pm Granada Reports. 6.05 This Is Your Right Awards.

HTV

9.30 am Sesame Street. 10.30 *Spiderman.* 10.55 *The Christmas* Martian. 12.30 pm Gardening Today. 1.20 HTV News. 5.10 Ask Oscar! 6.00 Report West. 6.30 Diff'rent Strokes. 8.58 HTV News. HTV Cymru/Wales. As HTV West except: 12.00 Y Llysiau Llon. 5.10 pm Mr Magoo. 6.00 Y Dydd. 6.15 Report Wales.

SCOTTISH

9.30 am Sesame Street. 10.25 The *Making of Superman (Rpt.).* 11.15 Salvage One—Harry's Doll. 12.30 pm Gardening Today. 1.20 Scottish News Headlines and Road and Weather Report. 5.15 Teatime Tales. 5.20 Crossroads. *6.00 Scotland Today.* 6.20 Job Spot. 6.30 Tom Weir Trilogy. 8.45 News and Scottish News Headlines. 12.30 am Late Call.

SOUTHERN

9.30 am Lost Islands: "Jeremiah and the Widow." 9.55 The Games, starring Michael Crawford. 11.30 Out of Town. 1.20 Southern News and Weather. 5.15 Dick Tracy Cartoon "The Onion Ring." 6.00 Day by Day. 6.30 The Heroes of Telemark. 12.30 am Weather Forecast followed by Things that Matter.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Puppy's Greatest Adventure. 9.55 Cartoon Time. 10.10 Morning Movie: "League of Gentlemen." 1.20 North East News and Lookaround. 5.15 Survival: "The Tallest Story." 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 9.00 North East News. 12.30 am The Sutherland Singers.

ULSTER

1.20 pm Lunchtime. 1.22 Cartoon Time "Yule Laugh." 4.13 Ulster News. 5.15 Joe 90 "Three's A Crowd." 6.00 Ulster News. 6.05 Mork and Mindy. 8.59 Ulster Weather.

WESTWARD

9.45 am Untamed World. 10.10 George Hamilton IV. 10.35 *Laurel and* Hardy. 10.55 Vikings of the Sunrise. 11.55 The Underseas Adventures of Captain Nemo. 12.27 pm Gus Honeybun's Birthday. 12.30 Gardening Today. 1.20 Westward News Headlines. 5.15 Mork and Mindy. 6.00 Westward Diary 8.58 Westward Late News and Weather. 12.30 am Faith for Life. 12.35 West Country Weather and Shipping Forecast.

9.30 Larry the Lamb. 9.40 The *Puppy's Great Adventure.* 10.05 *Ice* Birds. 10.20 Captain America (Film). 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 5.15 Mork and Mindy. 6.00 Calendar; The Weather.

RADIO

(S) Stereophonic broadcast
‡ Medium wave only

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 12.30 pm Newsbeat. 2.00 Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 5.30 Newsbeat. 7.00 Talkabout. 8.00 David Jensen. 10.00 John Peel's Festive 50 (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 1.45 pm Sports Desk. 2.00 Ed Stewart (S). 2.45, 3.45 Sports Desk. 4.00 David Hamilton (S). 4.45 Sports Desk. 5.45 News; Sport. 6.00 David Symonds (S) with Much More Music. 6.45 Sports Desk. 8.00 Hubert Gregg (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 The London Palladium Story. 11.00 Brian Matthew. 12.00 Midnight Newsroom; Weather; Motoring Information. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert. 9.00 News. 9.05 This Week's Composer (S). 10.00 Wind Music (S). 11.20 A Schubertiad from Hohenhems (S). 1.00 pm News. 1.05 Six Continents. 1.25 Schubertiad (S). 2.35 Tippett and Haydn (S). 3.35 Oboe and Harpsichord (S). 4.00 The Songs of Mussorgsky (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Beethoven and Bartok (S). 6.15 The Gentlemen Of The Chapel Royal (S). 7.00 The Metropolitan Opera. 7.45 Franz Schmidt (S). 9.45 Music In Our Time (S). 11.00 News. 11.05-11.15 Yvonne Loriod (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 The Giant under the Snow by John Gordon (2). 9.00 News. 9.05 Tuesday Call: 580 4411 — Do-It-Yourself. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather; Programme News. 1.00 The World at One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Tom Jones (S). 4.00 Kenneth Matthews Looks Back. 4.15 Dear Mr Shaw (S). 4.45 Story Time. 5.00 News magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News including Financial Report. 6.30 Never Too Late. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 The Blessed Virgin Mary. 8.35 Antony Hopkins (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 How to Survive the School Holidays (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Gemmell's Garden: Winter Special. 12.00 News; Weather Report; Forecast. 12.15 am-12.23 Shipping Forecast; Inshore Forecast.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A culinary enterprise à la franglaise

David Freud on the teething troubles of an unusual restaurant

SETTING up a small business of any kind is hard enough; setting one up on the top of a very large and very cold mountain in a foreign country hardly bears thinking about. But that has not deterred two English women, Maureen Bell and Liz Andrews, from opening a skiers' restaurant at La Plagne, one of the French purpose-built resorts in the Haute Savoie.

Not surprisingly, as latecomers, they did not enjoy the pick of sites. During the summer their restaurant serves as a shepherds' hut—cheese-making equipment and all. It lacks most basic amenities, including running water.

While the two women had been most worried about the paperwork and other formalities when they first thought about opening "Le Kitchen," they were able to take most of these hurdles in their stride. All the real headaches have stemmed from their site.

Both have long experience of operating in ski resorts. Maureen was formerly the public relations officer for a ski package company, while Liz had been a representative for several years—working in La Plagne itself in the winter of 1979-80. With Liz on the spot, the tortuous negotiations for the use of a hut could be carried out with the local commune. It was not until October of 1980 that the go-ahead was given.

After that the first step was to obtain Cartes de Sejour, residence permits to which citizens of the EEC are entitled. They then had to be registered as Commerciants for a few hundred francs and be licensed to trade. After that, they went to the local VAT office to obtain Petit Licence No. 1, which allows them to serve food and accompanying alcohol. A licence to run a bar would have been much more difficult to get since the number of these is strictly controlled.

Formidable

With the licence in their pocket they were ready to start operating—or nearly. They needed a bank account—and asked the local bank to open a joint one in their names. However, this request was turned down on the grounds that they were not married and the only alternative was to open a commercial account. Since such an account requires consent from France's central bank, the form-filling requirements were at their most formidable.

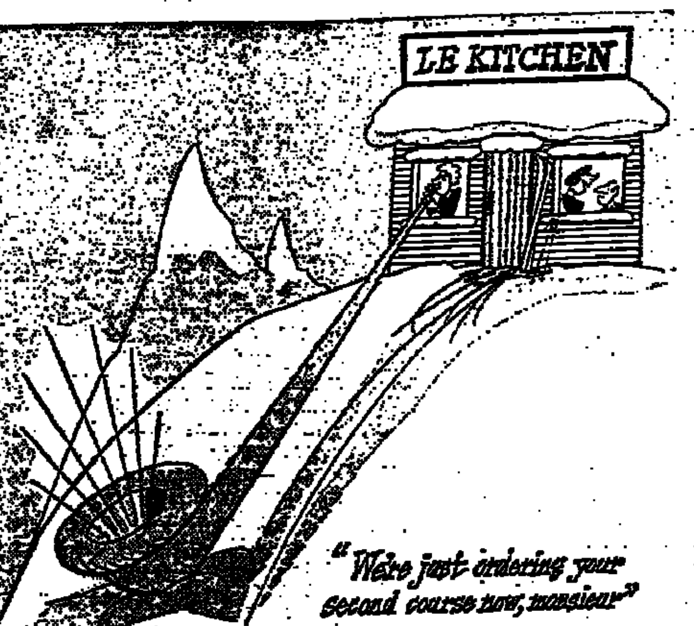
Meanwhile they had got to work making the two-roomed hut presentable — insulating, whitewashing, building a terrace and a lean-to against the door. All the kitchen equipment had to be hauled up before the snows came by heavy vehicle

The rent for the winter totalled FFr 11,000 (about £1,000). But this was less of a drain on their resources than renting an apartment for themselves in the village. They found one for FFr 1,100 a month, but had to keep it the whole year round.

During the winter, everything has to be carried up the mountain on someone's back. One of the original motives for setting up the restaurant was to ski—but the only opportunity the women get is when they take the pomma-lift up the mountain, heavily burdened with ruck-sacks and ski over to their restaurant. With food, wine, mineral water and gas cylinders to be carried up the mountain—and rubbish down again—they employ the services of a full-time "humper."

Cold is a major problem. They have a wood-burning stove to keep the hut warm during the day. But at night the temperature often drops to −10°C and below. So everything freezes—and there is many a morning when the gas-cylinders have got to be nursed into working properly.

Quite apart from the cold, the unpredictability of the weather causes headaches. Food is prepared the day before consumption and ordered the day before that. And forecasting weather two days ahead in the mountains can be a hazardous business. On a sunny day the terrace can be choc-a-bloc with perhaps 50 or more free-spending skiers. In a blizzard, lunchtime may see a sole pisteur sheltering in the hut. It is not surprising that the two have tended to err on the cautious side—and have run out of food on busy days.



So the first season did not show startling returns. Having spent their savings of about £6,000 at the beginning of last winter, the partners' average gross take was a little over £100 a day, with good days producing perhaps £250, although these were rather few and far between. They ended the season with perhaps £3,000 in the bank—and some rather unpleasant bills that caught them by surprise. Even though they had paid over FFr 4,000 in VAT during the season, they are still left with a bill for a further FFr 8,000. At 17 per cent of turnover, the VAT demand soon mounts up.

The second unpleasant surprise was the Social Security contribution, which the two must keep up for the whole year, even though they are working for only four months in France. (They spend the summer working as reps in Greece.) Last season the joint bill came to FFr 14,000. Nor was this all. Having managed to cope with the bureaucratic French language on VAT forms, the bank account, and the various licences, the French on the Social Security forms finally defeated them (as it did a lot of their French friends as well) and they were driven into the arms of a French accountant to do their paperwork. Another bill—this time for about £500.

So for this season menu prices are higher, and on a good day the takings could be perhaps £350. And with one season behind them they are beginning to learn some of the tricks of the restaurant trade and how to cope with larger numbers.

Meanwhile, Le Kitchen seems to have built up a definite clientele. The good home cooking is appreciated, and the 5 per cent of the visitors to La Plagne coming from the UK represents a reliable customer base. The partners are popular with the French locals and cause general mystification and amusement with their chalkboard menu offering mince pies and brownies.

After a tough first season, Maureen and Liz are hopeful that this winter they will turn the corner.

Bank calls in first loan guarantee

AT LEAST one banking institution is believed to have filed a demand with the Department of Industry for the refund of a loan under the Government's small business loan guarantee scheme.

This follows the failure of one of the small businesses backed in the early days of the scheme in the summer.

Most of the major clearing banks and institutions which joined the scheme at that time are now understood to have had failures although they have not yet all lodged a demand for the 80 per cent of the loans guaranteed by the Government.

The total of loans committed has now topped £60m, following a rush of business just before Christmas.

If the rate of approvals does not decrease, the £100m so far authorised by the Government will have been allocated by late March or early April. The Government is then expected to release the third of the three £50m tranches originally provided for the scheme.

The first loan has now been approved for one of the ten foreign- and British-owned merchant banks admitted to the scheme last month. Arranged by Bank Leumi, the loan is for £25,000 and has been given to Michron Technology, an expanding chemical apparatus maker.

John Elliott

Training aid extended

THE Department of Industry's In-Plant Training Scheme for companies in the Assisted Areas has been given a boost. Projects of any size where training for a new skill is essential, will now be eligible for financial help; while service industries and companies in Intermediate Areas can also apply.

The original requirement was that projects should be in manufacturing and provide a minimum of 25 jobs in Special Development Areas and Development Areas. SDAs and DAs, however, will still have first call on the limited resources available from the European Social Fund, which meets half the cost.

Eligible costs are the basic wages of trainees and instructors, travel and subsistence expenses where training takes place away from the normal place of work, and the net cost of materials.

Valuable viewing

BY TIM DICKSON

WOULD-BE small businessmen could profit from tuning their TV sets to ITV on Sunday, January 24, when the first in a new seven-part Yorkshire Television series called "Be Your Own Boss" will be shown.

The most impressive feature about this initiative is the back up material which has been prepared. Anyone interested will be sent a free regional information pack (mainly a list of useful local contacts) and, if he or she is still keen enough to part with £5.95p, a "Be Your Own Boss" kit as well.

In March or April (after the series has ended) viewers will be invited to one of the many local "events" being organised round the country to follow up advice offered on the small screen.

Ian Laughton, of the National Extension College, a non-profit making organisation which has been active on the small business front in the South West and which is closely involved in the research says these one-day sessions will vary in content from region to region. Most are being organised by local authorities and enterprise trusts. Lloyds Bank and Shell UK have together put up £45,000 towards the cost of the project.

"We hope as much as anything that a lot of people who might otherwise throw away their redundancy money will see the many problems involved in setting up their own business," says John Kirkwood of Lloyds.

●

A NEW film, aimed at encouraging people to start up in business, is currently being planned at Video Arts. John Cleese will play the star role and Antony ("Yes Minister") Jay is writing the script. Production is not expected to be completed until after Easter.

Video Arts is well known for its management training films and the new project can be expected to be the usual combination of entertainment and instruction. An 18-minute film on factoring produced by the company for International Factor recently won the Gold Award in its class at the New York International Film and Television Festival.

EMPLOYEE WELFARE

Fighting flab to mutual benefit

WHEN a company claims that its workforce has been made "leaner and fitter," it generally means only one thing nowadays: that it has got rid of some of its employees. The phrase has become a euphemism for amputation.

But a handful of enlightened employers also believe in fighting flab in a more literal sense: by investing in gymnasium facilities and other health improvement projects such as the provision of diet advice.

One leading exponent of the doctrine is Canada Life Assurance, which claims to have lowered absenteeism, cut employee turnover, and increased both job satisfaction and morale.

The company has found that the absenteeism rate of employees who have become serious fitness enthusiasts has dropped by more than two days per year per employee.

Hiring and training costs have also been reduced because staff turnover among the "press-up brigade" has been cut from 15 per cent to little over 1 per cent. This is a far sharper drop than in the national rate, which has been reduced by the economic recession.

Canada Life first launched what it calls its "fitness and lifestyle" programme in 1978 at the conclusion of a Government-sponsored research project into the advantages of having a fitter workforce.

Nearly half of the company's 1,200 head office employees, including managers, volunteered to take part. Today, the number has dropped to around a fifth of its expanded workforce of 1,500, although there is an additional 10 per cent of employees who participate in other programmes such as self-defence classes for women, nutriton counselling and anti-smoking clinics.

This high level of voluntary attendance is impressive, if only because participation is during the employee's own time. Fitness classes take place two or three times a week for 30 minutes, either before work starts, at noon or after work hours. Employees have the option of attending segregated or mixed classes.

The company gymnasium facilities include a fully carpeted exercise area with a running tract, exercise bicycles, wall pulleys, wall bars, dumb-bells and a loudspeaker system. Changing rooms are equipped with showers, hair dryers, soap and small lockers.

Canada Life is convinced that the cost benefits of its fitness programme far outweigh the expenditure.

Following the 1977 research project, it was found that the economic gain alone from decreased absenteeism was sufficient to offset the programme expenses. The gain from lower turnover was also substantial: for every new employee, hiring and training costs were estimated at an average of $6,250.

The research was carried out using two Toronto insurance companies—one with a fitness programme and the other with no organised fitness activities. The two companies supplied data on, for example, absenteeism and employee turnover.

It emerged that it took about six months for volunteers to start showing significant positive results in several measures of physical fitness.

It was found that the sharp decline in absenteeism among the enthusiastic exercisers represented a one fifth decline beyond the average for the rest of Canada Life's employees.

Absenteeism

Male participants in the fitness programme showed the most improvement relative to absenteeism — a 60 per cent decline. Among the serious female exercisers, there was an overall 38 per cent decline in absenteeism.

Other findings were that exercisers had fewer visits to the company's sick bay, and that the fitness enthusiasts reported that job satisfaction and morale was better.

Comment the researchers: "The economic benefits to the experimenting company were quite clearly defined, and senior management as well as medical personnel at Canada Life have consistently expressed their enthusiasm with the research and programme results." They conclude that a company-sponsored programme can only enhance its corporate image and result in improved management-employee relations.

Arnold Kransdorff

THE ARTS

Dominic Gill reviews the year in the concert hall, the first of a series of articles on the music of 1981

OF THE SINFONIETTA—AND SOLOISTS

It has become almost a ritual, but no less apt in the repeating, to begin this annual review with a tune or two of special praise for the London Sinfonietta. Adjectives for them have all been used up long ago. If "indispensable" is still the one most often returned to (as well as the one most often mispelled), it is because the Sinfonietta prove themselves again and again, year after year, to be just that: an orchestra, now 12 years old, without which the nation's musical life would be unimaginably the poorer.

With characterisic panache, the Sinfonietta brightened the gloom of our winter evenings with a second instalment of their Stravinsk Festival—a mammoth project, conceived together with the LSO, which turned in January and February to examine the works for voices with instruments. (London concert-goers will remember that the orchestral and instrumental portion took over the South Bank during the autumn of 1979). It was another splendid sequence: indeed the Festival as a whole *so far—the* third and final stage begins next autumn—has been so full of illuminations, and standards of performance have been so singularly high, that comparisons and selections seem largely superfluous. Future seasons will find it difficult all the same to match the impact and excitement of the first concert of this instalment: Stravinsky's three versions of *Les Noces*, played and sung with marvellous energy and verve, far more than a mere historical document, a Stravinskian revelation.

In the summer there was a brief Hindemith revival. If there is indeed to be such a revival — and I am not entirely convinced, having noticed no *really significant change in the* exhaust-note of the Hindemith engine that has chugged away in the background of our music-making for as long as I can remember — then let it be to performances of such skill, cogency and wit as the Sinfonietta under David Atherton gave of the seven *Kammermusiken* during their series in June.

The latest news is that the Sinfonietta have done it again. *No single series of concert programmes* could hope to appease every lack or every taste. But their new season of 16 London concerts, which runs from last November to next June, is as substantial, as enterprising and in *broad scope every bit as* imaginative as anything they have presented. As I wrote only *a few weeks ago*, could we have relied on any other ensemble in these pinched and penny-pinching times to have the *imagination* and courage to mark, for example, Maurizio Kagel's 50th birthday with a concert in his honour?

On the whole, the positive new-musical momentum established during the last months of *1980 was* well *sustained* during 1981. The Society for the Promotion of New Music delivered with new-found confidence one of the most adventurous seasons of its history; the Park Lane Group, too, and the Arts Council Network at the Round House and in the provinces combined with many other groups large and small to play their part in a perceptible revival of interest, low-key perhaps, but nonetheless vitally encouraging.

Adrian Jack's annual MusICA series at the ICA was once more notable for some bold choices: the one series of experimental music in London that has had, year after year, the courage to stick its neck out, *take calculated risks*, and above all to make (and admit) mistakes. It is the one series also which regularly shows the imagination and commitment to step aside from the mainstream of its programmes once a year to offer a platform to young composers not yet established on the public commission or festival circuit.

"The European *Connection*" was the snappy title of the New Macnaghten Concerts' season. Broken down into constituents such as the Polish, the Stockhausen and the Italian Connections, it made for a comfortable (if largely illusory) reference point. The popular title also clearly helped to arouse interest and bring in the audiences: proof, to everyone's satisfaction and not a few people's surprise, that with careful planning and lively advertising and presentation it really is still possible to put on good concerts of contemporary music that play time and again to near-capacity houses.

A disadvantage of "thematic" programme planning is that the theme—unless it is either very specific or very broad indeed—can rarely stand being looked at too closely or taken too seriously.

The chief difficulty the Macnaughten committee must have encountered when they set their minds *to making a programme* for their "Messiaen connection" is simply that no connection (as the idea is popularly conceived) exists. No British composer of any stature has studied with Messiaen, or been influenced by his music to any significant degree. The real influence is at once stronger, broader and less palpable—and its force has been both positive and negative: Messiaen's methods and insights have fired the imaginations (and the antipathies) of composers as *diverse* as Boulez, Berio, Henze, Xenakis, Stockhausen, Takemitsu, Birtwistle and Maxwell Davies. That could be a fascinating current to chart, but hardly the subject for a concert theme.

The one striking piece of the *Macnaghten's* Messiaen evening, apart from Messiaen's own, was by a young composer, David Owen, who has no connection or affinity with the master at all. Another programme chased, with no more notable success, an *elusive "Italian Connection"*—which turned out to be for the most part an egregiously un-Italian meal, containing a genuine *antipasto* of Berio, a little chamber piece called *Déjà* (French title, Australian *commission) by the Berio pupil* Bernard Rands, and another by Vic Hoyland (a Rands pupil, and *therefore a pupil-of-a-pupil-of-*Berio). Such a dizzy chain of inbreeding was crowned by Kurt Weill's "Surabaya Johnny" in Berio's faithful arrangement for Cathy Berberian—the ultimate Italo-German-Armenian Connection? It was at this point inexplicable, but hardly surprising, to find the first of Peter Maxwell Davies's *Four Instrumental Motets*—little "recompositions" dating from the 1970s of early Scottish originals—delicately parachuted into the proceedings. Haggis, packed and processed, is after all available in Italy: so why not Scottish motets?

No brief review can expect to touch on more than a tiny, selective fraction of the number of events which makes London still—though not for long, as our budget-masters continue their remorseless pruning—the busiest musical capital in the world. But three pianists and three violinists, in their different ways, made especially vivid impressions.

There was a time in the 1960s and mid-1970s when the Claudio *Arrau I had grown up with*—the great pianist I knew largely from gramophone records of the thirties, forties and fifties—seemed to have vanished entirely in the wash of an all-embracing wave of lugubrious, laborious keyboard manners. As an ardent admirer who could never quite believe in the permanence of the decline, I heard him faithfully and often during those years, and the experience was often painful. Sometime during 1981, Arrau has fought his way, suddenly and decisively, out of the wave—and is once more, as he approaches his 80th year, riding its crest. It is not *so much a transformation* as a vindication; and his two London appearances during November for a recital and a concerto forged a triumphant link between past and present.

The most colourful pianistic debut *of* the year was undoubtedly Ivo Pogorelich's. When this 21-year-old Yugoslav made a second appearance in the autumn his act was all but swamped in outrageous showbiz manners. But though a penchant for kitsch was also very *plain* at his debut recital in June, there was evidence nonetheless of a prodigious pianistic talent. What course it will run remains to be seen. If Pogorelich's *gift for showmanship* gets the upper hand, he will quickly become dull. For the present, glitter and energy carry the day: at its best, the playing is sprung with adventure, alive with the excitement of discovery. But the time for closer focus, and ruthless musical discipline, is just round the *corner*.

Wolfgang Manz, also 21 years old, was the second-prize winner of the Leeds Piano Competition in September. By the useful rule of thumb that competition juries almost never get anything important right, and particularly not the list of finalists or the proper order of prize-winners, Manz should probably have received first prize. He was in any case, on the evidence of his South Bank debut recital, which he gave at a few hours' notice to replace an indisposed Yuri Egorov, a very much more exciting pianist than the eventual laureate. Given more time for preparation, I've no doubt that he could have chosen a better balanced and more *engaging* programme. But even here, hardly knowing the place or the time of day, he showed us that he is an important talent: I look forward with the greatest interest to his debut-proper.

Each of the three violin recitals was, simply and unproblematically, the purest delight. Eugene Sarbu is the Romanian violinist who most recently added to his enormous list of competitive distinctions the first prizes of both the Paganini (in Genoa) and the Carl Flesch (in London) in a single season three years ago. He is an unusual talent: a young artist in his early 30s whose "old-fashioned" musical manners set him fair and square at the centre of the great (though by now all but extinct) East European tradition. The tone is ravishing, the intonation faultless, the technique at once grandly extrovert and solid as a rock. *I loved the glow of colour*, and the warmth, the directness and the pungency of the style; and if there were one or two close brushes, though never actual meetings, with schmaltz, who was to say in the face of such *powerful imagination* and conviction what was ultimately "right" or "wrong"?

I suppose there are not many violinists under 40 who can fill the Festival Hall to overflowing for a duo recital: but Itzhak Perlman is one. Justly so—for his qualities are too rare to be ignored, and cast deep shadows *across the paths of not* a few lesser young artists of "star" repute. Many of the qualities were obvious from the start. Others stand out more strongly as the years go by: the faultless articulation, the absolute sureness of direction, and *that most deceptive simplicity*, the apparent artlessness which is the hallmark of so much great art. After Mozart, Strauss, and perhaps the most beautiful account I have heard in any hall of the Debussy sonata, Perlman lit the fireworks — a stupendous fizz of Paganini-Auer, a sparkle of Chopin-Milsten—before vanishing in a blur of Sarasate.

By contrast, the expatriate Russian Gidon Kremer—another sensational violinist of a sensational postwar violinist generation, and unequivocally in the Perlman class — played his recital in the Elizabeth Hall a few months later to rows of empty seats. At least a thousand people missed, for barely more than the price of a visit to the cinema, a priceless event; and at least a thousand people should kick themselves hard. His Stravinsky, Brahms, Schubert and Steve Reich (Kremer's programmes traditionally puzzle, then delight, conservative audiences with their enterprise) were of matchless delicacy, power and poetry. If the house is not full when Kremer next appears, I shall eat my tickets.

Rainbow

Elvis Costello

Is Elvis Costello very good or very bad, the most imaginative force to come out of the reaction against the plutocratic super groups or a confidence trickster with an uncanny sleight of hand? Watching him at the Rainbow last Wednesday he seemed to be both in the same performance.

Still dressed like a provincial Teddy Boy he raced through a long set of mainly new material as if worried about missing a plane. With an unsympathetic sound system, some songs, delivered flat with words slurred and no sensitivity to either melody or sense, were dreadful; then he would slip in his interpretation of "Sweet Dreams" from his recent Nashville-produced album and you would change your mind about his reputation.

More attention to a stage act could dispel the doubts. He is basically a subtle songwriter and an intriguing performer and he *should by now* have the confidence to make the audience work a little. A few of his classic songs, like "Oliver's Army", were thrown in at the end but Costello seems determined to decide his own musical direction without much reference to his fans or to his talents. But even when he is boring he somehow seems interesting: you feel the fault is yours if you are not enjoying him.

ANTONY THORNCROFT

Opera tour

Opera 80, the Arts Council sponsored touring company, will visit 17 towns in Britain during *its spring tour*.

The company, which employs young musicians and singers, is planning 43 performances between January 27 and April 8. Two operas will be presented: *Die Fledermaus* and the *Marriage of Figaro*.

Lyric, Hammersmith

A Night in Old Peking

by MICHAEL COVENEY

Ian Bartholomew, James Bolam and Anita Dobson

The production duet of Martin Duncan (co-author, music and lyrics) and David Ultz (co-author, designs) is so original and gifted that it grieves me more than I can say to pronounce their camp pantomime a disappointing bore. It starts promisingly, with the Family Band — a peculiar quartet straight out of Edward Lear — shooting light banter in front of an arrangement of Chinese screens and bamboo hangings. The maestro (Mr Duncan) and his colleagues alight on the story of Aladdin while thumbing through the *Arabian Nights* and the first scene finds the Wicked African Magician (Simon Cadell) intoning the first of several good numbers, "I Eat Rats," in a Rousseau-esque jungle of green ferns and bug-eyed fauna.

The first half contains many astonishing scenes: a large, tilted grey paddy field of mops and veiled peasants where the Magician discovers Aladdin: an exotic rainbow forming a glorious roof over Old Lady Twankey's pinched grey hovel; an exciting vista of high washing lines on the streets of Old Peking; and a receding whirl of red luminosity and blue braziers in the cavern.

But, unlike hte same team's *Cinderella* of last year, the evening suffers from an accumulating loss of narrative pressure, and the inter-scene *conversaziones* dwindle in funniness and astringency as the show wears on. Beyond that, and apart from the book's feebleness, it is difficult to diagnose exactly what goes wrong in the face of such splendid performance contributions from Mr Cadell, Anita Dobson as Aladdin, James Bolam as a rather restricted dame with a cascade of grim wig falling over his right eye, and Bob Goody as a spindle-shanked Crippled Queen given to uncontrolled vowel movements and raspingly inappropriate maternal sentiments.

The Family Band's interruptions become more tedious as you realise the design ingenuity is slowly fading—most of the second half is played in front of an initially pleasing yellow wall of two dozen coloured windows. Interest flags and the "*thirteen fleeting episodes*" trundle painfully to the predictable dénouement. There are, however, some stunning costumes and such nice little touches as the recorded voice of Ian McKellen boomingly a-quiver as the Genie and the recycling by Salina Cadell of the Cowardly Lion as an orange fluffy pet dog.

Covent Garden

The Sleeping Beauty

by CLEMENT CRISP

Last week the Royal Ballet revived *The Sleeping Beauty* as our Christmas-tide treat. It is a production decent according to its traditional lights and, I feel, still riven with a nostalgia for the dear days of Fonteyn and Helpmann in Messel designs, when *Beauty* was a harbinger of great things to come. Significantly, I thought the most impressive reminder of *Beauty's* importance was Leslie Edwards' view of Catalabutte, the court chamberlain. Mr Edwards played this part in 1946, and has played it hundreds of times since, yet nothing in his performance is stale or routine; he gives the character both dignity and charm of presence and, with a role that might be thought secondary, shows that it has an historical reverberance, imperial echoes. There is an authenticity here which no-one else on stage appears to comprehend.

The production and its cast offer competence rather than aspiration towards those nobilities that are implicit in *Beauty*. Real and unquestioned merits, of course, reside in the harmonious, well-integrated *style* of the company; in the light, lyrical classicism of the fairy attendants and nymphs; in the good manners of the courtiers.

The Aurora, Lesley Collier, danced with entire ease. The *portrait that emerged* was very accessible in its radiant confidence, entirely genuine and delightful, though without any frisson of that mysterious and transcendental grandeur which lies at the ballet's heart.

Her Prince, Stephen Jefferies, was everywhere intelligent and most accomplished in dancing. Impressive, too, the Florestan trio of Fiona Chadwick, Rosalyn Whitten and Philip Broomhead—the best for several seasons—and the malevolent energy of Monica Mason's Carabosse, even if the production has clouded the detail of her great mime scene.

But staging and performances seem in the main underpowered, lacking the urgency of classicism kept ever-fresh by constant questioning. Beauty's action is ill-served by abridgments: the elisions of the vision, awakening and marriage scenes hustle the narrative along pell-mell, dislocating musical and choreographic structure, denying the space that will allow the ballet to open out to its full magnificence. The awakening is mere—Aurora surprised on a day-bed in some make-shift recesses of the palace—and *preceded by a truncated panorama*, and further pruned of the Prince's wondering journey through cobwebby ante-chambers. The wedding is underpopulated and somewhat short-measure in dancing. (And I *regret the loss of the musically* explicit and dramatically sensible prologue sequence when Carabosse tears out Catalabutte's hair and feeds it to her minions).

The Sleeping Beauty is more than the Royal Ballet now shows us. What it might be is cogently expressed in the "candid reflections" which the Leningrad ballet-master Fyodor Lopukhov set down when he was in his eighties, and which were published in 1972, the year of his death. Lopukhov danced in the *Beauty* garland waltz as a student while Petipa was still in command of his ballets; he was to become director of the Kirov Ballet and a loving and imaginative guardian of the Petipa manner. (His variation for the Lilac Fairy is given by the Royal Ballet.) Lopukhov's commentary was "all that I know and remember" so that "details would not be lost or distorted by untalented hands," and it covers an analysis of Petipa's language and the stylistic world of *Beauty*.

He wrote that "the foundation of *Beauty's* choreography is openness"; that "there is no need for an audience to be informed of the names of the Fairies. From the movement of each it is clear what the Fairies give to Aurora"; that "the climax of the first act begins in a waltz which has a meaning, a largeness of scale, that often goes unappreciated."

Lopukhov's comments speak of resonances and implications in this classic masterwork that appear outside the comprehension of the Royal Ballet. His observations about the prologue's Fairies suggest a quality missing in the decorous accounts given by the present soloists; that the first act garland waltz *can* be grandiose, and as thrilling as the Rose adagio. I reported from New York last summer, when Balanchine made his sublime recension of the waltz in which he, in his turn, had danced as a student in Petrograd.

If the Royal Ballet, having now brought *Beauty* back into the repertoire, will acept all its challenges, there is much to hope for — not least that we may leave the theatre thrilled by the majesty of this great ballet and of the classic dance it celebrates.

Arts news in brief . . .

Noises Off, Michael Frayn's new comedy which opens at the Lyric, Hammersmith on February 23, will be sponsored by the BOC Group whose world headquarters are over the road from the Lyric in Hammersmith. This will be the first time that the Lyric has received commercial *sponsorship for a production*.

Noises Off, which stars Paul Eddington, will be directed by Michael Blakemore.

*

Claire Luckham has won a Thames Television award for dramatists and will be attached to the Liverpool Playhouse for 12 months. Dennis Diamond, nominated by Salisbury Playhouse for his first play, *The Last Dropsie*, has also won a playwright's award.

*

Opening at Ronnie Scott's, in London on Monday next, January 4 for a fortnight is saxist/flautist James Moody and his quartet, plus the jazz/rock group Gonzales.

Theatres are continued on Page 8

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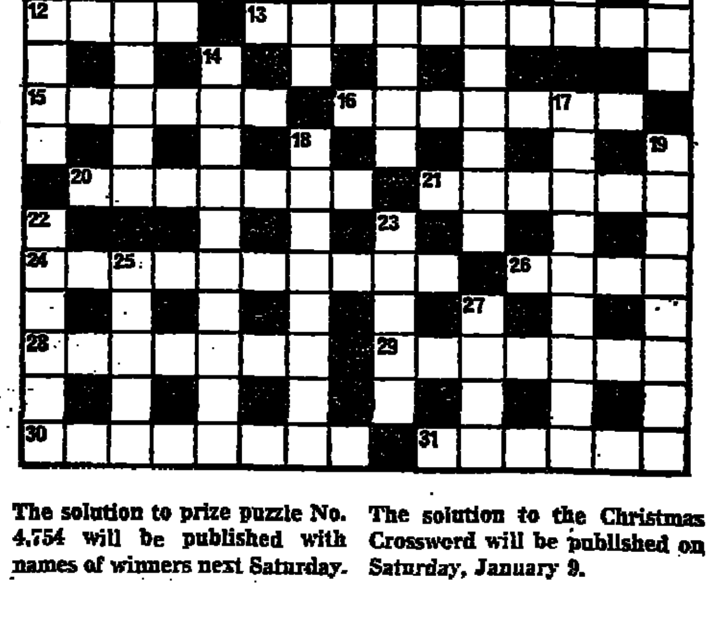
F.T. CROSSWORD PUZZLE No. 4,758



ACROSS

1 See through a quarrel (6)
4 Continue to resist project (5, 3)
10 Let go of two French articles in front of wood (7)
11 Cleaning a well-known cross (7)
12 Possesses gas in a mess (4)
13 Spokesman employed by trumpeters (10)
15 Spirits obtained from initially good landlords (6)
16 Fish allowed to redden ... (7)
20 ... and respected although always in the red (7)
21 Intellectual book in food (6)
24 Mad reason for producing a form of transport (10)
26 Arch over mineral spring to the north (4)
28 Got about all I needed from an old Dutch cargo-boat (7)
29 Detach, also tie anew (7)
30 Very little to sell inside that's gaudy (8)
31 Put her with German anchorite (6)

DOWN

1 Turbulent time for food that's essential (8)
2 A very heavy burden for a grinder (9)
3 Incline to be thin (4)
5 Racecourse signaller giving credit on food (4-4)
6 Fuel transporter sounds like a song-writer (4-6)
7 Duck to be with fruit (5)
8 Get up over people for covering (6)
9 Pulse in mixed broth (5)
14 The course of a brook to simplify (10)
17 Ghostly emanation produced by a medium? (9)
18 Where the golfer starts to sum up an abstainer (8)
19 Noisy chap following a pre-designed scheme (8)
22 Promise soft illumination (6)
23 Deliberately fail to observe article not valid (5)
25 Pass on Costa Rican monetary unit (5)
27 Two notes from a cupola (4)

The solution to prize puzzle No. 4,754 will be published with names of winners next Saturday.

The solution to the Christmas Crossword will be published on Saturday, January 9.

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Agenda for Mr Biffen

FOR UK trade ministers, textiles was the main issue in 1981. On a practical level this has meant lending support to the renegotiation of the international Multi-Fibre Arrangement in a more restrictive form to hold down the sales of developing countries in the EEC. The broad shape of the new MFA emerged just before Christmas.

On a more general level this concentration on textiles has shown UK trade policy at its most defensive, aiming not to open up the international trading system but to make more permanent an arrangement which defies the basic disciplines of that system, as they are laid down in the General Agreement on Tariffs and Trade (Gatt).

Advantage

During the coming year the UK Government should take its trade policy off the defensive and gear its approach to opening markets; at home, the market itself should remain open. Mr John Biffen, Trade Secretary, should use his own words as the starting point. "I have few doubts that given this country's established strength in, and exceptional dependence on, overseas trade, there is a clear balance of advantage in our continuing to support the maintenance of the liberal trading system which has brought the world such unprecedented economic benefits during the post-war period," he said in a speech earlier this month.

Following through this statement poses a number of tasks for Mr Biffen in 1982, both on domestic and international levels. At home it will be important to align his approach to trade with the review of objectives Mr Patrick Jenkin, Industry Secretary, initiated in his department. Mr Jenkin's statement that he is "not interested in going down the road of protectionism or subsidy" will mean very little if Mr Biffen accedes to the demands of every industry hurt by competition to close the UK borders.' This in turn leads to the question of relations with Japan, a thorny issue which will be just as vexatious in 1982 as in 1981.

Mr Biffen is quite right to be concerned about the strength of Japan's exporting capacity in isolated sectors—cars, electronics and so on. But this strength will not be eroded by seeking to extend the panoply of official and informal import controls on Japan's sales into the UK in particular and the EEC in general. Rather, the effort should be directed towards meshing Japan even more closely into the international trading system. This means rejecting as a diplomatic method the passing of stridently phrased lists of demands for export restraint to Japan and concentrating instead on the painstaking chipping away at Japan's own trade and investment barriers while encouraging more Japanese investment in Europe.

Such an effort would not necessarily be very popular within the EEC which would have to be the forum for seeking a fresh orientation in Japanese policy. But by following such a line in his talks with the other Nine, Mr Biffen would at the same time be helping to create a more outward looking EEC trade policy.

This could have important repercussions for the Gatt ministerial council meeting in November. It is in both UK and EEC interest that the November meeting should leave the world trading system stronger—that is to say there will be agreement to follow the Gatt disciplines, eschew bilateral restraint agreements, mop up the unfinished business of the Tokyo Round multilateral trade negotiations of the 1970s and explore new areas for liberalisation.

Imports

This raises two specific questions for Mr Biffen. The first relates to liberalising trade in services. So far the UK, in spite of its strength in the services area, has no clear view of what it would like to achieve in it. Britain's lack of preparedness is not unique, but Mr Biffen should hasten the study. One full-time official working on the problem at the Department of Trade is not enough.

Second he will have to think again about Gatt's Article 19, the safeguards clause. At present this cannot be applied discriminatorily — a country hurt by a surge of imports cannot single out a supplier. If the article is to be rewritten to allow more selective safeguards, as some in the EEC would like, Mr Biffen should see that safeguards are applied only after public inquiry, only for a limited time and be subject to international inspection.

Little to cheer the ratepayer

FOR MORE than two years now Mr Michael Heseltine, Environment Secretary, like the wolf in the children's fable, has been huffing and puffing but failing to blow local authority spending down.

He has now unveiled the latest of his many attempts to persuade the 456 councils in England and Wales that expenditure and rates must fall—not least because a large part of this Government's credibility rests on "doing something" about local government.

In the two years since Mr Heseltine, with the best of intentions, introduced his block grant, it has become clear that the two main aims of the new system have failed. On the one hand, it is neither simpler nor obviously fairer than the one it replaced; on the other, it has not succeeded as an instrument for controlling the overall levels of local authority expenditure.

In our view, the attempt by central government to control local authority spending was misconceived. What central government can do—and what Mr Heseltine now seems to be concentrating on—is to *influence* that expenditure, while leaving the final levels of town hall spending to the locally elected councillors.

This distinction between influence and control has been a hard lesson to learn. But one positive benefit of some of the false starts of the last two years has been that councillors, council officials and ratepayers are now much more conscious about the consequences of spending decisions and councils have been forced to tackle the value-for-money issue seriously. There is still much scope for the Government to put the spotlight less on levels of spending and more on the quality of that expenditure. Much of the good work on this front has been overshadowed by the creation of an adversarial atmosphere, as punitive action for missing unrealistic targets has been coupled with increasingly severe measures against a local government system which is proving remarkably strong and resilient.

Local autonomy means, and should continue to mean, the freedom of local councils to fix their expenditure and service levels. The Government's legitimate interest is in the extent to which it is willing to support these decisions through grant.

With a contribution of £11.5bn next year representing overall support of about 56 per cent of current expenditure the Government has a right, indeed a duty, to take a close interest in the overall picture. Economic and political considerations of the day dictate the level of grant. That grant can be cut substantially, as it has been for the year 1982-83.

In the longer term both local accountability and autonomy will be substantially improved if the Government can reduce the grant level to as low a level as possible.

The Government should also continue the highly desirable attempt last week to switch the emphasis slightly next year from current to capital spending.

Nevertheless, many inner city problems revolve around expensive services—education, social services and housing. To be asking for cuts of 7 per cent from most of inner London, Bristol, Newcastle, 14 per cent from Merseyside and 23 per cent from West Midlands seems a little perverse given the new sympathy for urban problems. These targets are likely to prove unattainable within a single year.

Two main tasks await Mr Heseltine in the New Year. First, since this month's green paper has shown that there are no better alternatives to domestic rates and many worse, the need now is for a method of updating the rates into the sensible tax they once were.

Second, he must pursue the aim of making ratepayers and electors more aware of the consequences of spending decisions, particularly each penny increase at the margin. Ideally, *the ratepayer should* pay the lion's share of the costs of local services. One possible option might be to remove the major cost element—education—as a ratepayer burden and to finance it separately through central taxation, independent of the local government finance system.

Much has gone wrong in local-central government financing and political arrangements in recent years. The New Year is as good a time as any to take a new approach.

THE POLISH CRISIS

Solidarity: a test for the West

By Anthony Robinson, East Europe Correspondent

"THE tragic events in Poland have been precipitated by public and secret pressure from the Soviet Union. It is no coincidence that Soviet Marshall Kulikov, chief of the Warsaw Pact forces, and other senior Red Army officers were in Poland while these outrages were being initiated.

"And it is no coincidence that the martial law proclamations imposed in December by the Polish Government were being printed in the Soviet Union in September."

What President Reagan was saying in his speech just before Christmas was that the West *must not set back and wait for* the arrival in Poland of Russian soldiers with snow on their boots and Kalashnikovs in their hands. The situation demands a far more positive response. Soviet soldiers may still come if the Polish army is not able on its own to subdue the 36m-strong Polish nation. But even without their uniformed presence the fact is that the Polish army has already created the conditions whereby the essential control of Polish institutions is ripe for takeover by Soviet "advisers" and secret policemen armed with nothing more outwardly dangerous than homburg hats and briefcases full of detailed instructions for purge and control.

President Reagan faces a tough struggle to persuade other western leaders to impose sanctions on the Soviet Union

For despite the protestations of good faith by General Jaruzelski the fate being reserved for Poland is much more likely to be the destruction of Solidarity, the purge of reformers within the party and other institutions, the imprisonment and emasculation of the intelligentsia and the muffling of the church than the promised continuance of reforms.

After all the real, secret rulers of Poland refused to allow them when Solidarity, was a 10m-strong pressure group backed up by the bulk of Polish and world public opinion, a relatively free Press and a powerful church. What chance is there now with so many illusions smashed?

If that is the real future now facing Poland—and the experience of Hungary in 1956 and Czechoslovakia in 1968 argues strongly that it is—then the West faces some painful choices if it seriously wants to influence not only future developments in Poland, but also East-West relations in general.

The West has already ruled out the use of force to "defend" Poland. This leaves economic and financial sanctions which are both double-edged, in that they hurt both sides, and useless, unless applied by the West as a whole. The most difficult problem of all is probably that facing western bankers who have $27bn of debt to Poland outstanding.

But even before discussing the nature of sanctions the West has to make up its mind on another basic question—against whom are they to be applied and with what aim? After the invasion of Afghanistan the U.S. and the West in general decided that this was a Soviet action and that sanctions should only be applied against the Soviet Union and not its Warsaw Pact allies. In the Polish case, however, most governments are reluctant to take actions which would hurt the Polish people.

It was two years ago this week that Soviet tanks and troops began their invasion of Afghanistan. President Carter saw it as the first extension of Soviet power by military means beyond the limits of global power-sharing agreed at the three power conference in Yalta in 1945.

The U.S. Government reacted quickly. It suspended all grain shipments over and above the 8m tons annual minimum stipulated in the U.S.-Soviet grain agreement. It also embargoed high technology exports. And it banned U.S. sportsmen from participating in the Moscow Olympics.

President Carter also tried ot get Western Europe and Japan to follow the U.S. lead in order to put concerted western pressure on the Soviet leedars. But he failed, largely because most West European governments, led by West Germany and France interpreted the Soviet action as a defensive move aimed at securing its vulnerable southern flank and not as an attempt to make a strategic advance towards the Gulf.

The Americans suspected that this benevolent interpretation of Soviet motivation also masked a deep European reluctance to jeopardise lucrative economic and financial links. The Europeans scarcely demurred. They pointed out that Western Europe had far more to lose in this respect than the Americans.

The West Germans in particular cited their own special interest in maintaining Europe as an island of detente because this guaranteed access to West Berlin and continuing links with the other half of a divided nation. Initial Western reaction to the latest Soviet-inspired repression of Solidarity and Polish liberties appears to indicate a similar disarray — even though this time round there are significant differences.

In the first place the suppression of Polish liberties is taking place in the heart of Europe, not "a far away place" about which the world knew, and cared relatively little. Second, the repression in Poland is being carried out by Polish not Soviet military forces. Third, what is happening is the re-establishment of Soviet control over that part of Europe over which it established its dominance in 1945, not an extension of Soviet power into a new area.

> The West must make up its mind: against whom are sanctions to be applied and with what aim?

But there are other differences too. The Soviet intervention in Afghanistan, the removal of the Shah and the failure of the attempt to rescue U.S. hostages from Iran fueled growing popular concern at perceived U.S. weakness in the face of growing Soviet military strength and resentment against the perceived inability of the U.S. to carry its "ungrateful" European and Japanese allies with it in defence of common western as well as U.S. vital interests.

It was against this background that the U.S. electorate dumped President Carter and elected Ronald Reagan on a ticket pledged to make America strong and respected again. That is still the mood in the White House, and still, as far as can be judged, the mood in America. It is also the mood in which America is facing up to the Polish crisis.

Elsewhere, however, and before the latest developments in Poland, Nato countries were already in considerable disarray over the December 1979 decision to instal U.S. Pershing 2 and Cruise missiles in several West European countries to counter the threat posed by Soviet SS-20 missiles in the western part of the Soviet Union. Even President Reagan, despite all his *tough talking about the Soviet* threat, unilaterally revoked President Carter's grain embargo for purely domestic reasons and without securing any guarantees of future good behaviour from the Russians in return.

This made it easier in turn for seven West European countries of which West Germany was the most important, to resist U.S. pleas and go ahead with plans to finance and equip the gas pipeline from Siberia which will not only increase West European dependence on Soviet energy imports but far more importantly provide the Soviet Union with a new, large and growing hard currency income well into the 21st century.

The Siberian gas pipeline is so important to the future of the Soviet economy that, with hindsight, it may well have been a major factor behind the 16-month delay in applying the kind of repressive measures now being used to crush Solidarity. It is perceived by the Soviet leaders not only as a source of hard currency but also as a vital part of their overall political strategy. This is aimed at increasing Soviet influence in Western Europe, and especially in West Germany, and of gradually weakening the trans-Atlantic links between the U.S. and Europe. By his state visit to Bonn, only weeks before the imposition of martial law in Poland, Soviet President Leonid Brezhnev underlined how highly the Soviet Union values its political and economic links with West Germany and boosted Chancellor Helmudt Schmidt as the "honest broker" between East and West.

With more at stake than any other western country it is not surprising that West Germany has been deeply reluctant so far to "dramatise" the Polish crisis. It was also reportedly the least enthusiastic supporter of the proposals for a united western front and western sanctions against the Soviet Union.

In a way the West German reaction to date has not been essentially different from the original response of most Western governments to the Polish crisis—a reluctance to draw hasty conclusions on the basis of insufficient facts and a fervent hope than Gen Wojciech Jarulzelski would maintain his promises about reforms and that the Polish crisis would remain an essentially internal Polish affair.

With martial law now in its third week, however, the accumulating evidence from Poland indicates repression on a massive scale, many more deaths and injuries than those officially admitted and the imprisonment of the Solidarity leadership and much of the Polish intelligentsia. A widespread purge of the party, press and other institutions and resistance to martial law by key sections of the working class and peasantry—including Solidarity leader Lech Walesa—is also taking place. There are also indications that the army, having already lost much of the immense prestige it formerly held as a national institution which refused to fire on fellow Poles, now faces growing disciplinary strains and is uncertain about what to do next.

In the face of all this, the U.S. Government is now trying to *convince its reluctant allies* that the logical target for sanctions is the Soviet Union itself —which President Reagan has openly accused of being behind the crackdown in Poland. Given the initial disarray of Western leaders the Soviet leadership is probably still counting on an ineffective and unco-ordinated Western response to what is, in American eyes, a proxy invasion of Poland on behalf of a Soviet leadership frightened by the threat which developments in Poland posed to the stability of the Soviet Empire.

The Soviet Union has probably been encouraged in this belief by the fact that the first sanctions to be announced have been against the Polish Government and also revealed a split between the EEC—which decided to go ahead with subsidised grain shipments—and the U.S. President Reagan has decided to suspend such shipments as well as halting Ex-Im Bank credits, high technology exports and fishing and aviation privileges.

In sum the initial confused and low-key Western response to the crisis in Poland has given the Soviet leaders the satisfaction of seeing the suppression *of Solidarity* by *Polish forces* and the added bonus of what could yet develop into an angry and damaging crisis within the Western alliance.

It would be deeply ironic if the crushing of Polish freedoms consolidated the Soviet Empire while provoking deep divisions which weakened U.S. attempts to forge greater Western unity. But failure to agree a concerted Western policy could do just that—and at a time when the economic crisis within the Soviet bloc is now so acute that it is more vulnerable than it has ever been to any concerted Western action to halt the gas pipeline and embargo grain sales, high technology exports and finance.

Men & Matters

The future: a chance to write the screenplay

Did you get the train set you were hoping for? And some nice kitchen units in the sales? Jolly good. But, as we return to our desks ruddy-faced and plump with pudding for that awkward little limbo before the fun starts again at New Year, time to cast what we laughingly refer to as our minds forward for a change. What is written in the tea-leaves, or glimpsed in the crystal ball? What does the future hold?

It would be a little steep to start asking you to forecast the future from scratch. So to make things a little easier, we have organised a grand clairvoyancy contest in the form of a "multiple choice" examination. What we want from you is an informed guess at the pattern of British economic development for 1982, taking into account key indicators such as gross domestic product, consumer spending, exports and so forth.

To this end, you will find assembled on page six a comparative chart of 15 forecasts and an average. What you have to do is perm from those suggestions your own composite forecast for 1982, picking from each 1982 column the figure which you think will prove closest to the truth. Write your forecast out; or just ring the *appropriate figures on the chart,* cut it out and send it in. If several forecasts show the same figure in any column, it is only necessary to circle one example. Don't bother about 1981—much too depressing.

As you will readily grasp, this is something of a grandiose competition—so it is organised on an equally grandiose time-scale. We would like your entries, please, by the end of January—whereupon they will be locked away in the vaults of Bracken House until Budget Day 1983, when the awful truth will be told. And what glorious prize for the entry which gets nearest to the official Government version of the out-turn for 1982—and its estimate for 1982-83 PSBR? We think a case of champagne should be ample reward.

The Editor of the Financial Times will select the winning entry, and his decision will be final. Send your wild surmises to the Editor, Financial Times, Bracken House, Cannon Street, London EC4P 4BY and mark the envelope "Forecast."

Prophet ability

Mind you, even our mighty contest looks a bit measly by comparison with a new effort from Chase Econometrics, which should have been in every banker's stocking this Christmas. The number-crunching subsidiary of the Chase Manhattan bank has just produced a nifty volume called: "The Next Ten Years for the World Economy," price $4,000.

The volume, which I reckon indispensable to economists and insomniacs alike, contains *decade-long forecasts for just* about every country, market and commodity imaginable. The big conclusion is that the world will still be alive and well in 1991, capitalism will not have succumbed to its contradictions, but will be steaming ahead possibly at a faster rate than it has managed in the last ten years. Chase does not reckon that world GNT will decline in any of the next ten years—as it did in 1975. No serious oil supply problems, either. Unemployment, however, will get worse in Europe, interest rates in the U.S. may stay up for a while, while third world debt will multiply.

Can anything this ambitious possibly be of any use to anybody? David Rolley, senior international economist at Chase Econometrics, says the answer is yes, because the point of the forecast is not to look at business cycles, but beyond them to underlying trends. The study starts from basic long-term determinants, such as demographics. "We feel," says Rolley, "it is a useful exercise because long-term trends can be assembled, and a sensible story can be told."

He admits, however, that sometimes the computers did throw up the odd surprise — which needed "extra work" from human hands to slip into place. A colloquial term for this is, I believe, "the fudge factor."

One bright spot for Britain: the Chase computers say 1983 will be a specially good year. The funny thing is that my crystal ball came up with a similar conclusion — though in this case the relevant image was one of tall dark strangers wearing blue rosettes, making speeches, and looking ahead to a general election.

"This time next year, with a bit of luck, the fares will be too prohibitive for us to return to work."

Corn market

Just as this is the traditional time for plumbers to unblock pipes, so the festive season provides an ideal opportunity to decoke the column of anecdotes which might otherwise threaten to jam its works and bring it grinding to a halt.

What is one to make, for instance, of a circular recently sent out by students at Manchester University? "Picket Senate" commands the notice. "In the last two years our grant has fallen by 17.8 per cent. The increase for 1982-83 is a poultry 4 per cent." Fowl play, I should say.

Or, indeed, of this gilt, offered in the Christmas brochure of a New York store: "'Lucy' is a perfectly-detailed lifesize doll who opens and closes her eyes and says 'I love you' for $200."

Sounds dangerously lifelike to me. And can it really be true *that American pet shops sell a* canine contraceptive called "Stoppup"?

Not so many good graffiti this year, though I like "my Karma ran over my dogma" seen on a Hampstead — of course—wall, while "Decimalisation is untenable" also has something to be said for it.

Finally, I pass on to you in good faith a tip from the agony column of a Canadian magazine, on the subject of soup. "If you wish to spoon up the last few drops you may do so, but always tip the plate away from you. On no account should you break your crackers or roll in your soup." Got that?

Observer

BRITAIN'S SMALL HOTELIERS

So you want to run a hotel

By Arthur Sandles

IN THE hammock of euphoria that hangs between Christmas and the New Year, it is tempting to ponder the attractions of never actually returning to the January grind-stone. Dropping out may be less fashionable these days when even hanging on is something of an achievement, but there are still those who yearn for the independent life.

If such there be then they should have been flies on the wall at a gathering of a group of owners of several small British enterprises a few days ago. There, in the sybaritic setting of the Chewton Glen hotel in the New Forest, where the only flies are metophorical, this family of family businesses met to discuss 1981's fate and what the future holds next year.

This was a gathering of the proprietors of some of Britain's finest smaller hotels. They are the properties whose very existence depends on a continuing demand for excellence—the Lygon Arms at Broadway, the Royal Crescent in Bath and, of course, Chewton Glen itself. For all of them the winds of economic hardship are blowing. And the snow and sub-zero temperatures in the New Forest conspired to provide a suitable background.

The occasion in question was the annual meeting of the Prestige Hotel group—an organisation of about 30 hoteliers. (The number fluctuates for reasons that will be outlined later.) It was formed some years ago as family hoteliers, particularly at the top end of the market became alarmed by the growing sophistication of the major hotel chains.

For some members of the group it was a harrowing time. After a couple of days of agonising, the meeting agreed to endorse moves that mean some of their number will be pushed out into the cold. The Chewton Glens of this world—the hotel is owned by the Skan family—have enough financial muscle and hotel-keeping expertise to weather what have been a tricky couple of years—but not everyone is in the same boat.

"Some people have cut staff to such a level that they are just not good enough," says Mr Richard Edwards, chairman of Prestige and the man who runs the four-star Grosvenor Hotel in Chester for the Duke of Westminster. Prestige has responded by upping rather than *lowering standards.* Prospective members must score at least 70 per cent in the Egon Ronay league tables—the Grosvenor has a healthy 80 and Chewton Glen a sparkling 88 that makes it Britain's highest-rated provincial hotel and equal seventh in the country (the Ritz, London, at 94 is tops).

Since most of the hotels are privately-owned (the Compleat Angler left the club because it was bought by Trusthouse Forte) most are classic examples of the problems that a small to medium-sized independent company faces in these difficult times. Not for them *the path that is being* pursued by both THF and spectacularly by Grand Metropolitan with investment overseas. Most have only the one property and it has to work.

The pressures are considerable. "We have not put up our tariffs for two years," says Mr Edwards of his own hotel. The 150 staff that used to look after his 100 rooms is now down to a little over 110. Occupancy levels that were between 70 and 80 per cent two years ago fell below 50 per cent last year and although they are climbing now, the property will still end the year with a slight loss.

Mr Martin Skan is blunt about the real culprit. "We have all cut costs and made ourselves more efficient. But we have not had any help at all from the Government."

He points to all the traditional housekeeping items such as heating, lighting, rates, telephone, postage, and NHI contributions that have rocketed. "Our gas bill is now over £20,000 a year, up by 140 per cent." Mr Skan, who says that earlier this year he was feeling depressed about the future but has now returned to his (cautiously) optimistic self, thinks anyone considering a plunge into hotel ownership as an escape from City life should think twice. "It can be very difficult."

Some of his less prudent colleagues entered the recession already deep in debt. Many smaller hotels found the new stringent fire regulations were a considerable financial burden. "In the summer I feared for people who were over-borrowed," says Mr Skan.

The running costs of a quality hotel are enormous. It is not like a motel where a few chalets can be shut for the winter. Mr Terence Holmes, managing director of London's cosily opulent Stafford Hotel (owned in a somewhat odd piece of diversification by Costain and tucked away in a discreet corner of St James's, has 130 staff to look after 60 rooms.

Mr Holmes has made four marketing trips this year to the U.S. The Stafford's technique is to get regular customers to allow the hotel to use their houses in the U.S. for small dinner parties. It seems to work. This year, unlike almost every other hotel in the country, the Stafford reckons that both its overall occupancy and its American business rose.

A glance at the general figures demonstrates just how unusual this is. In the first seven months of 1981 room occupancy in the more expensive hotels in London fell from last year's level of 67 per cent to 60.7 per cent. In the countryside the fall was from 55 per cent to 49.6 per cent.

The situation drove brokers Vickers *da Costa* to comment: "The recession is proving longer than expected. Thus, although one is seeing no bankruptcies, properties still come on to the market, from private and corporate operators alike, who are feeling the pinch." But, in common with the hoteliers themselves, the commentators take the line that still people will want to get into the business because profits will bounce back when the hotel guests return.

Meanwhile the problems of a slack market are hitting independent hoteliers at the lower-priced end of the business as much, if not more, than at in the rarified atmosphere of Prestige group members. "Falling occupancies and fierce competition on room rates are forcing many of London's smaller independent hotels to re-examine their marketing activities not just to stay profitable but simply to survive in the current economic climate," says the London Tourist Board.

The Board, along with the British Tourist Association, is gently herding hotel-keepers into marketing consortia and co-operative sales efforts. Probably London's biggest success has been the formation of the Sussex Gardens hotel group three years ago. The consortium now has 33 member companies and includes 12 hotels in Bayswater, 18 in Kensington/Chelsea and 18 in Bloomsbury. Prices range from £5.25 to £13.15 a night per person with the hotels agreeing on a common tariff and a single brochure, London Is Good Value Hotels, of which 300,000 copies in four languages have been printed.

Hugh Routledge

Mr Terence Holmes of the Stafford Hotel: four marketing trips this year

'I could not stand the commuting'

It was 10 years ago that Mr Nigel Vere-Nicoll left his City stockbroking desk and prepared for the plunge into hotel-keeping. Today, wiser but certainly happier he runs two hotels, one of which, the Johnstown Burn House 15-miles south of Edinburgh, has shot from scratch to awards and commendations in a year. Counted into the cost of what he now describes as "an immensely satisfying life" is a brief one-hour Christmas spent with his family. In hotel keeping the guests come first.

Vere-Nicoll went into hotels via a couple of years of self-inflicted training at the Meurice and Quaglino's in London. With the proceeds of selling his Sussex house he bought the Knockinaam Lodge at Portpatrick where he and his wife lived above the kitchen. He had left a £7,000-a-year job with considerable prospects (it was 1972 remember). He was 25.

"I could not stand the commuting, and the job was boring. I looked at the 60-year-old beside me and thought of the next 30 years doing the same thing. So I gave it up . . . but I gave it up for absolute hell."

Vere-Nicoll found what others have found before and since. "I had never worked so hard in my life." Receptionists put their hands into the till; chefs were washed out to sea; and, more recently, gas boilers blew up. "But we did extremely well, we won lots of awards."

Vere-Nicoll saw the writing on the economic wall in the late 1970s and decided that a country house hotel nearer a major city would be a safer bet in a post-oil crisis world. With 40 per cent support from the Scottish Tourist Board be sunk £250,000 into the Johnstown Burn House—11 rooms and again, a reputation for service and cuisine.

The House was built in 1625 and even here Vere-Nicoll hit problems—previously hidden dry rot, a change in the economic climate and soaring interest rates: "The sums were suddenly all wrong."

On the opening night his fourth child was born. Father rushed mother to Edinburgh, attended the birth, and returned to his first-day guests within two hours. In fact the first year (opening day was June 19, 1980) went far better than he had feared. "The most difficult time for any hotel is the first two years. You are in no guides. No one has even heard of you. It is no good staying in the hotel. You have got to go out and sell: I know that now."

If it is any comfort for would-be droppers out in the Vere-Nicoll mould, he was fully booked for Christmas and well into January. But, even now, there are worries. "With all this snow, people are ringing up at the last minute and cancelling. The hotel business is not like manufacturing. You always know if you are doing well."

Lombard

Goodhart's Law in reverse

By Samuel Brittan

WHO is Charles Goodhart? A senior economist at the Bank of England. What is Goodhart's Law? Roughly, that any indicator becomes distorted once it is doctored as a policy target. It then ceases to have its old significance.

The U.S. Fed found this to be the case with its own narrow money definition, which it has had to modify several times as the earlier ones ceased to give an adequate measure of monetary growth. The difficulties with Sterling M3 have been notorious. In 1978-80 when it was enforced by means of the "corset" penalties on the expansion of bank deposits, it gave an exaggerated idea of monetary squeeze. In 1980-81 on the other hand it gave an exaggerated idea of monetary ease, when a good deal of monetary evidence pointed to a tight financial squeeze.

Strategy

Dr Goodhart himself is oddly reluctant to take much credit for his Law. He maintains that it is just a useful rule of thumb. He thinks of it as being rather like Murphy's law: If anything can go wrong, it will. He should not be so modest. The spotlight his "Law" has received is more likely to attract attention to his more technical writings than the other way round.

But to come back to the Law itself, I have an extension to suggest. What would happen if the Chancellor of the Exchequer abandoned the formal claim that his financial strategy was centred on Sterling M3 and switched to one or more other indicators? This is being urged by some of the strongest supporters of the financial strategy who wish to restore its credibility. You can bet your bottom dollar that as soon as the Government stops making Sterling M3 its official target, and deprive its critics of the many teasing opportunities which it presents, Sterling M3 would start to become important again.

Despite the distortions of the past year or two you can be sure that if Sterling M3 continues to rise at near double digit rates for the next four or five years, under a regime of benign neglect, inflation would take off too. To put it the other way round: if inflation rate were to resume its downward course, it would be found that Sterling M3 had done the same—provided that it were no longer the object of anxious monthly attention.

What I have just stated is an instance of "Goodhart's Law in Reverse." Once an indicator *ceases to be an official* target, it resumes its former role as a clue to the future behaviour of the economy.

Neither the law nor its reverse statement is really so mysterious. Over a period of years most financial variables rise together. They may do so at slightly different rates, but any of them examined carefully in the light of its past history and current market developments, will give a broad indication of the likely inflation rate. If, however, one is singled out for control, it is likely to be distorted both by official efforts to make it look very low, and by market attempts to bypass whatever penalties and deterrents the central bank has imposed, in its control efforts.

The moral is neither to stick with Sterling M3 alone, nor to abandon monetary objectives. It is to focus on a quantitative statement of the ultimate aim of the exercise, which is to regulate over several years the trend of total cash spending—measured by money GDP or any other aggregate which may be preferred. Policy makers would then be free to set intermediate targets for a cocktail of financial variables, whose composition and size could be varied in the light of their relation to the ultimate objective.

There is no one magic number which will provide a substitute for studying what is actually happening in financial markets. But equally no amount of pragmatic study will help policymakers who take too short term a view, who are befuddled about what they are really trying to achieve or refuse to think in terms of numbers.

Letters to the Editor

Promoting the voice of industry in Parliament

From the Parliamentary Affairs Officer. Institute of Directors

Sir,—This institute shares Mr Nicholas Mendes's concern (December 10) that there should be among members of the House of Commons men and women who can add their "leavening of industrial common sense to the ever increasing volumes of hot air." The question, however, of whether or not this institute and similar bodies should sponsor members of Parliament is not so clear cut.

It is first necessary to distinguish between indulging in party politics and taking a legitimate interest in politics generally. Mr Mendes clearly called for employers' organisations to go the whole hog in party politics as such.

We have always believed that our interest should be in policies, not in politics. Thus we suggest and seek Parliamentary support for policies which will create the sort of free enterprise climate in this country which we believe provides the best chance of improving the prosperity of its inhabitants. Our aim is that such policies should be pursued: our support goes to whichever Party or group of politicians pursues them.

We have always rejected sponsorship in the generally accepted sense, where MPs are paid a fee to look after the interests of a particular organisation. *Not only because, with* Edmund Burke, an MP should and indeed must be a representative of all the people in his constituency, and not merely a delegate. MPs should never become the paid hacks of a particular interest.

It is true that many MPs are sponsored. The official Parliamentary "Register of Interests" (of MPs) is a recognition not only that such support exists but, more important, it recognises that there is a danger to Parliamentary democracy if such arrangements get out of hand.

The most profitable form of support which industry can give members of Parliament is to ensure that employees are given every assistance if they wish to seek election.

Industry should consider supporting the excellent work of the Industry and Parliament Trust which provides sitting MPs with the opportunity to obtain first-hand, if limited, experience of "the pressures and problems which face today's managers."

The Institute of Directors in common with similar bodies maintains effective lines of communication with members of both Houses of Parliament, led in the Common by Mr Michael Grylls, MP, in order to provide information and briefing on matters of interest to industry and commerce. These politicians are not all members of the Institute of Directors, and those that are receive no remission of their subscriptions in return for supporting our cause. They are thus free to support or confound us, depending upon the eloquence with which we have put our case to them. This keeps both us and them on our toes!

P. B. D. Bunyan.
116, Pall Mall, SW1.

Monetary targeting principles

From the Group Economic Advisor. Lloyds Bank

Sir,—In your leading article of December 19, you drew attention to my proposal that the Sterling M3 target should be adjusted to take account of the structural changes in the home loan and consumer credit markets.

You, however, give it the "thumbs down" on the grounds that the target "cannot be bent to suit the trading convenience of the banks."

As the full text of my proposal shows, the main motive was to demonstrate that the Government's monetary targets could, with an appropriate adjustment, be reconciled with a fall in interest rates. Conversely, "a failure to adjust the figures could lead to the maintenance of high interest rates in the name of a misunderstood statistic." Lower interest rates hardly "suit the trading convenience of the banks," since they reduce bank profits. They suit the financial health of the banks' customers and the resumption of growth in the economy.

The U.S. Federal Reserve has made a downwards "shift-adjustment" to its M1B target to take account of changes in financial markets. There has been no suggestion either that this sensible step has been taken to please the banks, or that the principles of monetary targeting have been jeopardised.

Christopher Johnson.
71, Lombard Street, EC3.

No plunder of the seedcorn

From Dr A Scotney.

Sir,—Why must we try to present every issue as black or white? I found your Lombard column on University cuts balanced, and was sorry to see such a one-sided negative view presented by Professor Rodger (December 16). To couple the forecast that one in six qualified university entrants will not gain admission in 1983/84 with statements such as "the loss of educational facilities is a loss to a generation and for a lifetime" and "the cuts are a politically vindictive plundering of the nation's seedcorn" is simply absurd over-reaction.

Taking the entrance figure as realistic, five out of six qualified entrants will gain admission in 1983-84. Looking round the first-year intake each year, I could not truthfully say that more than 80 per cent of them show enthusiasm, motivation and aptitude. I do detect signs of drift and apathy more commonly than I would wish. Put some of this down to deficiencies in teaching and in course design if you wish, but do not rule out the possibility that an academic degree course is not the correct educational vehicle for the totality of students admitted at present.

The same extreme stance can be seen in the outright opposition frequently expressed to staff redundancies. The taxpayer in me knows that the teaching work could be done well with fewer staff; the cut in this case falls in the area of research. Screams of anguish heard at this point should be ignored; the amount of research *time is going to be diminished* somewhat, not axed completely, and who can say that this is a disaster rather than a regrettable necessity? I am not, as you will gather, in the market for received wisdom of the kind which links lots of research activity with good undergraduate teaching.

Far better, it seems to me, is to steer the middle course. The Government has taken a view that there is overprovision of University places at a time when many other important activities are competing for scarce resources. The cuts do not seem to me to verge on the criminal, especially if savings here perhaps enable other schemes benefiting other groups of young people to get off the ground. Let the Association of University Teachers start investigating seriously schemes which are financially attractive to the younger academics who feel confident of starting a second career if they should leave the ivory tower. If we work at minimising the adverse effects of the cuts instead of standing in a corner screaming "Rape!" we shall preserve most of what we value.

(Dr) Alan Scotney.
Chemistry Department,
The University, Glasgow.

Transport burdens on passengers

From the chairman, Jubilee and Bakerloo Lines Users' Committee.

Sir,—Now that the House of Lords has given its verdict on the legality of subsidising fares from the rates, we trust that Greater London Council and London Transport executive will settle down to the business of doing the jobs they were set up to do, instead of wasting an enormous amount of everybody's time, patience and money. For waste it they have. The 1955 case of Prestcott v Birmingham Corporation may not have established the present law in London beyond doubt, but it was a clear enough pointer to trouble.

We deplore the suggestion that London Transport fares need to rise by 150 per cent. At most they need to rise by about 80 per cent. Even this will in all conscience make fares high. But let us be under no illusions that they need be so. GLC and LT have between them chosen to allow running costs to soar. London Transport chooses not to attempt to run automatic trains but generally to have them two-man operated. London Transport chooses to have ticket-verification—as well as date control—at both entrance and exit to Underground stations, and to use its ticket inspectors mainly at station barriers rather than on trains. London Transport chooses to operate a ticket-issuing system which is costly, inconvenient to staff and customers alike, and which maximises neither passenger usage nor revenue.

Let us hope London Transport will proceed to remedy these major failings, which are a burden on ratepayer and user alike, and concentrate on providing a better service (instead of reducing rush-hour frequencies as in some cases they have recently done), with emphasis on good operation (more cost-effective than station redecoration, however desirable this may be), proper through-ticketing and through-fare arrangements with British Rail and buses, and by concentrating on extensions to the Underground system in ways which will enable many more passengers to get to where they want to go.

E. Dixon.
10 Hilltop Road, N.W.6.

Hazel Duffy examines sale of textile machine side by Sears Holdings

Market expected to appreciate move

THE ANNOUNCEMENT by Sears Holdings on Christmas Eve that it has sold off one of its troublesome textile machinery companies and is in the process of selling off another two, plus the sale of a foundry, brought no response in a stock market which had its mind on more pressing festive priorities. Given more time to reflect on the implications of Sears without this lossmaking group of companies, however, the directors expect that the market will appreciate the move.

Sears' involvement in engineering has been a growing liability over the past five years, particularly when the losses incurred were weighed against the relative buoyancy of profits from retailing and other activities. The downturn in Sears' engineering division started five years ago—well in advance of the recession which has subsequently hit almost every engineering company in Britain, and by 1980-81 the losses at the trading level had reached £6.69m.

The reasons for the losses are given by Sears as being the result, quite simply, of a dramatic decline in demand worldwide. Apart from Trepland Jones, the Loughborough foundry which makes frames for knitting machinery, all the companies involved in last week's announcement comprise knitting machinery manufacturers.

They are: Bentley Textile Machinery in Loughborough which has been sold to a group of their executives in conjunction with Industrial and Commercial Finance Corporation; Bentley Engineering, and Wildt Mellor Bromley, both Leicester companies making circular knitting machinery, where negotiations are well advanced for their sale to their executives.

The Wildt specialist engineering unit at Bookham, Surrey, where Sears has a large site for light industrial units, is being retained by the group. Also being retained is a company making needles for large knitting machines.

The combined turnover of the knitting machinery companies is around £40m, of which about 75 per cent is exported. The U.S. is the main overseas market, where there has been a severe downturn in demand over the past two to three years. Within five years, the number of companies making knitting machinery worldwide has dropped from 26 to around six.

During this period, Sears has made some attempts at trying to restore their textile machinery companies to profit. Four and a half years ago, Sir Charles Clore brought in Sir Monty Finniston, ex-British Steel Corporation chairman, as director with special responsibility for the engineering companies. Sir Monty departed in October 1979, the re-organisation he was brought in to supervise having apparently been completed.

But, from a trading profit of £382,000 in 1978/79, the engineering interests went into a loss of just over £6m the following year. In August 1980, Pickering Blackburn, manufacturers of tufted carpet machinery, announced that it was to close, giving rise to closure costs of an estimated £4-5m.

Following the loss of £6.69m in 1980/81, the position has improved slightly to the point at which they are now between £3m and £4m on an annual basis. The decision to sell the companies, however, was made about six months ago, prompted partly by a full-scale review of the division undertaken by Mr Colin Marshall, who joined Sears Holdings as deputy chief executive on April 6.

With the sale of the problem companies completed, the question that will remain concerns *the residue of Sears' engineering* interests. They include Alexander Findlay (structural steel contracting) and Pegson (quarrying and stone crushing). Although profitable, their longer term future within the Sears structure must look increasingly unlikely.

Group Lotus setback

BOTH SALES and profits took a sharp fall at the high performance car maker Group Lotus Car Companies in the first half of 1981. The pre-tax result dived from £314,000 to £28,000 and turnover dropped £3.19m to £4.6m.

There was no tax this time, compared with £157,000 last time, for stated earnings per 10p share to emerge at 0.5p, against 2.7p.

Mr Colin Chapman, the chairman, says: "The six months saw continued reduced vehicle production while the process of destocking by dealers and ourselves was, we believe, completed. Exports continued to languish under the then strong pound."

Engineering activity, while reduced by the run off of certain contracts still contributed 50 per cent of the half-year's turnover.

Since halftime product changes have increased UK sales by 46 per cent for the last five months. Numerically engineering contracts, based on the group's engine and plastics technology, have increased and repeat business has been obtained from a "satisfactory number" of major enterprises, the chairman states.

"For the future we expect to take advantage of the improved market positioning of our cars for both home and export and to see further expansion of the engineering consultancy side," Mr Chapman adds.

● comment

The Lotus share is not a particularly easy vehicle to drive. Investors with quick reflexes could have made a 50 per cent profit if they bought on Christmas Eve last year and sold at the 1981 peak of 36p, but the shares finished last Wednesday at 21½p, down 2p on virtually break-even figures. Lotus has underperformed fairly consistently since it was floated (at 150p a share in 1968). And the instrumentation is noticeably sub-standard; interim figures emerge after a six-month delay, and finals are apt to take even longer. No wonder shareholders become nervous at intervals and throttle back. Yet the present figures do not seem too bad although they still reflect an uneasy transitional mix of products. Higher volume production of cars is being achieved on even thinner margins, while turnover in contract engineering has yet to pull out of a post-De Lorean dip. Hopes for a better 1982 depend on further volume growth as lower sterling rates make it possible to break back into old export markets.

LEGAL & GENERAL OFFER APPROVED

Legal and General Group reports that the New York Insurance Department has approved its bid for Government Employees Life Insurance Company (Gelico). This was the remaining condition to be fulfilled under the terms of the tender offer.

Payment will be made for the shares already accepted for purchase as soon as practicable. Acceptances now received represent 94 per cent of Gelico's outstanding shares. As already announced Legal and General's tender offer remains open until January 4.

CRAY PLACING

In line with its policy of widening the share holding base of Cray Electronics, Capital for Industry has placed 810,403 Cray shares, at 95p, with nine leading institutional investors. This reduces its own holding in the company to 6m shares, representing 53.6 per cent of Cray's issued capital.

Jenks wins control of Elliott

JENKS AND CATTELL has won control of Elliott Group of Peterborough. Last Thursday, Bone Fitzgerald, Jenks' advisors, announced that acceptances had been received in respect of 6,870,940 Elliott shares — 52.1 per cent.

Nearly two weeks ago, the Elliott directors finally gave their backing to Jenks' cash offer of 39½p per share but advised shareholders not to take the paper bid — a straight one-for-one share swop.

Of the acceptances received, 6,629,796 shares, 50.3 per cent, have accepted the share offer. The figures do not include any acceptance received or anticipated from any of the Elliott directors.

The offer remains conditional upon approval by Jenks and Cattell's shareholders at an extraordinary meeting called for tomorrow. It is the intention that the offer will close on Tuesday, January 12.

Nelson David suspension

Shares in car dealer Nelson David were suspended at 12.15 pm last Thursday at the company's request, pending clarification of its position.

In the market the price of 8½p values Nelson at £483,000.

The company has not produced any figures since those for the half year to September 1980 when it reported a £112,000 loss compared with a £84,000 profit.

Earlier this month a statement was issued to the Stock Exchange saying that the full results to March 31 1981 would not be expected to be available until January 1982. The delay has been caused by a reorganisation, now complete, of central administration.

In August 1980 two of Nelson David's directors left the company following a disagreement over group policy. The company later reported a £103,411 pre-tax profit for the year to March 31 1980 compared with £169,198. The dividend was passed.

ITC Pension funds hold 5.28 per cent of Nelson's shares and Convey (a company owned by D. A. Cooper, Nelson's chairman, and Miss P. Erith, a director) controls 29.99 per cent.

Agreed bid for Geo. Callender

Colas Products, a subsidiary of Shell UK, has launched an agreed £5.78m bid for George M. Callender, a manufacturer of bitumen based damp-proof courses and sheeting.

Colas is offering 85p a share in cash with a loan note alternative. In the market Callender's shares were unchanged at 56p. The bid was launched after hours on Thursday.

The directors of Callender, advised by County Bank, consider that the terms are fair and reasonable and are recommending shareholders to accept. Certain directors and their families have undertaken irrevocable acceptances amounting to almost 3.61m shares—53.06 per cent of the equity.

In April this year the company suspended its share price while discussions were undertaken which might have lead to an offer. Those talks were later reported to have foundered and the quote was restored.

For 1980 Callender reported pre-tax profits £274,000 higher at £1.2m. But for the first half of the current year the company reported a decline from £609,327 to £291,843 though the interim dividend was maintained at 0.7p per share.

Colas is making the offer through the British Linen Bank.

Talks end in offer for Grant Bros.

An agreed £2.43m bid has been launched for Grant Bros., the loss making department store group. The offer comes from a private company, Jadepoint, which is owned by Mr Robin Pesskin and Mr Nicholas Skinner. These two control another department store, Frederick Lawrence, and also have interests in publishing and property trading.

The bid comes after several months of negotiation. Grant revealed last September that the company was in talks which could lead to an offer. On that news the shares jumped up 53p to 196p. Last Thursday, after the terms were announced, Grant's shares closed 1p higher at 180p having touched 187p earlier that morning.

All the directors of Grant are accepting in respect of their beneficial and non-beneficial holdings. Certain other shareholders have also undertaken to accept the bid giving Jadepoint 62.85 per cent though Owen Owen, another quoted department store chain holding over 14 per cent of the equity has not accepted yet.

Mr Pesskin says that tentative discussions have been held with Owen Owen. The company was reserving its position until the offer had been made although the directors were said to be "co-operative" by Mr Pesskin.

In the year to January 31 1981 Grant knotched up increased losses of £344,291 and paid no dividend. In the six months to August 1 1981 the pre-tax deficit had risen from £183,104 to £244,331.

Mr Pesskin says that he is confident that he can start to turn the company round in six to eight months. He believes Grant has not fully developed with the times and the "merchandising policy is a little outdated." Ultimately, Grant's stores will be brought together with Frederick Lawrence's 100,000 sq ft outlet in Bromley. He believes that considerable overhead savings can be made by standardising administration and merchandising. The Lawrence store will eventually trade under the Grant name.

Terms of the offer are 190p in cash for every ordinary share and 75p cash for every preference share.

Certain of the acceptors, including Mr A. R. Grant and Mr R. K. Burgess, who are directors of Grant, and other shareholders (in aggregate controlling 50.81 per cent of Grant's equity) are also shareholders in Grant Bros. (Properties). This is a private company which owns the freehold of Grant's main Croydon store, which is leased to the quoted retail group. In addition, Grant Bros. (Properties) owns 3.29 per cent of the quoted company.

In order to secure the funds required to pay for the cash offers Grant Bros. (Properties) has agreed to a £1.65m loan to Jadepoint.

This arrangement is subject to approval by outside shareholders. Also "Properties" has entered into an agreement allowing Jadepoint an option to purchase the property up to January 31 1994 at £1.6m rising by £100,000 after August 31 each year.

Advisors to Grant are County Bank.

Deanson loss over £374,000

FOLLOWING THE reversal at midyear Deanson (Holdings) fell even more deeply into the red in the second six months of 1980-1981. The Walsall based printer and packager finished the year to September 30 1981, showing a £374,860 loss, compared with a £250,958 profit, and is cutting the net dividend from 2.8p to 1p.

At halfway there had been a loss of £71,000, against a profit of £158,000, and though they considered a return to profitability at year-end unlikely, the directors said the long term prospects were very much brighter.

Turnover for the 12 months reached £5.23m (£4.6m). The loss per 10p share is stated at 15.33p (earnings 8.28p) after a tax credit of £23,691 (debit £61,395). The proposed dividend is to be paid on March 15.

An extraordinary debit of £20,276 (credit £13,318) left the attributable loss at £371,445 (profit £202,881).

BROOKS SERVICE

Brooks Service Group of Bristol, which operates cleaning shops and workwear rental service, is acquiring the laundry and textile rental business operated by Moorland Sanitary Steam Laundry of Weston-super-Mare and its subsidiary Westmans Workwear.

The takeover does not affect the chain of Westmans dry cleaning shops in Somerset and Avon. The takeover will be effective from January 4.

U.S. Steel given leave to take up Marathon tenders

BY OUR NEW YORK STAFF

THE DRAWN-OUT, multi-billion dollar takeover race for Marathon Oil appears to be entering its final lap with U.S. Steel out in front.

The large steel company cleared one of its last hurdles just before Christmas when various legal tangles were sorted out in its favour. A court in Ohio, Marathon's home state, granted it permission to buy the Marathon stock it has been tendered, starting on January 6. In an agreed deal worth $6.4bn, U.S. Steel is bidding $125 a share for 30m Marathon shares, about half the total. The rest will be exchanged for U.S. Steel notes.

Mobil Oil, the other contender for Marathon, has been thwarted by anti-trust problems, though its $6.5bn offer still stands and does not expire until December 31. Mobil had tried to block the U.S. Steel bid by mounting a legal challenge to a "sweetheart" agreement with Marathon that would have given U.S. Steel the option to buy large amounts of Marathon stock and also its most attractive oil assets, if another bidder came along, effectively leaving Marathon a worthless shell.

The court agreed with Mobil's contention that these options discouraged other bidders, but did not think that they were grounds to halt the U.S. Steel-Marathon deal.

Mobil was yesterday mulling its options, and could still come up with a higher bid, though this is considered unlikely. Most other potential bidders appear to have decided already not to join the fray.

Cartel clearance for Bosch

BY STEWART FLEMING IN FRANKFURT

ROBERT BOSCH, the West German electrical group, has been told by the German Cartel Office that it will raise no objections to a proposed joint venture between Bosch and Matsushita Electr Industrial of Japan for the manufacture of video tape recorders (VTRs) in Germany. The two compnaies announced in June this year that they were entering into negotiations about the setting up of a joint venture.

A Bosch spokesman said yesterday, however, that these talks were still in progress, and it was too early to give details of the plans or comment on reports coming out of Japan. These have said that the two companies are proposing to set up a 50-50 joint venture and that a start-up date of 1983 is being aimed for. Bosch already has links with the Japanese concern. Its 80 per cent owned subsidiary, Blaupunkt, which makes consumer electrical products, has had a supply contract with Matsushita for some years.

● **Our foreign staff adds:** The Matsushita joint venture move reflects the growing desire by the Japanese electronics industry to expand VTR production operations overseas in order to offset the expected easing of growth in exports.

Analysts say Japan can no longer expect to double its exports as it did in 1981, although export growth was still seen as growing healthily in the next few years. The setting up of overseas operations would help alleviate Japan's growing trade frictions with the industrialised countries of the West, the chief outlets for such merchandise.

The Japanese Electronics Industries Association said Japanese production of such units will rise 28.2 per cent next year to 12.2m sets from an expected 9.52m this year.

Japan is still enjoying a virtual monopoly in VTR production. The Association recently pointed out that production had more than doubled in every year since 1975, when 112,000 units were produced. The following year, 290,000 units were produced, followed by 760,000 in 1977, 1.4m in 1978, 2.2m in 1979 and 4.4m last year.

Matsushita currently is the largest VTR producer with a monthly capacity of 250,000 units, up from 150,000 per month last year. The Victor Company of Japan (JVC) is the second largest producer.

There is concern that the North American market may be close to its peak with inventories having climbed sharply towards the end of this year.

SAB sells interest in Retco

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN Breweries (SAB) has sold its 32 per cent shareholding in Retco, a property investment company, to a consortium of individual property developers. The buyers have paid 17 cents for each of SAB's 20.7m shares, giving a total purchase price of R3.5m ($3.6m). Retco's share price has fluctuated between 19 and 23 cents on the Johannesburg Stock Exchange in the past week.

Barclays Merchant Bank says the consortium will also offer 17 cents a share to other Retco shareholders. It has appointed six new directors to the company, including a new chairman, Dr Peter Penny, a prominent Johannesburg property consultant.

Retco has been something of an embarrassment to SAB, whose principal interests are in consumer goods and services, since it acquired effective control in 1969. Retco's share price has never risen above its 1969 listing price of 120 cents. The company is burdened by heavy debts, and is expected to record a loss in the second half of its curent financial year.

Retco was transformed into little more than a cash shell earlier this year when it sold most of its R107m property portfolio to CBD Property Fund, a recently-established property unit trust. The company's net asset value after the CBD transaction was 23.8 cents a share, but the directors warned that losses on the sale of some properties could reduce its value to about 15 cents.

High interest rates hit Mitsui

By Our Financial Staff

HIGH WORLD interest rates cut into net earnings in the first half year at Mitsui, the steel, chemicals and oil and gas company which leads the Mitsui group. Net earnings have tumbled from Y15.3bn to Y1.43bn ($5.8m) or Y1.50 a share. There was also a large loss on foreign currency translation in the period, and a fall in earnings at some affiliated companies. Sales were slightly higher at Y7,480bn against Y7,350bn.

Mitsui said the large fall in its net income was due largely to high interest rates overseas.

It declined to detail exchange losses and other factors, but said that interest charges increased by Y14.3bn from a year ago, due to high interest rates outside Japan.

A steady growth in export and offshore transactions in machinery, textiles, and fuels had offset a decrease in import and domestic transactions, helping overall sales to rise slightly above the comparable figure, said the company.

It added that it was unable to make a definite full year consolidated business forecast, because the economic and foreign exchange outlook was still fluid.

● A further and sharper slump in group net earnings is reported for the first half of this year by C. Itoh and Company, Japan's third largest trading company. The company blames the setback on a large deficit in the company's oil refining business.

Net earnings for the six months have dropped by 95.2 per cent to Y323m or Y0.37 a share. Sales are up from Y5,460bn to Y6,020bn.

In the fiscal year to March 1981, net earnings were down by 62 per cent to Y12.6bn.

In November C. Itoh reported a 9 per cent increase in parent company net profits to Y2.65bn on sales ahead by 11.4 per cent to Y5,820bn.

Spate of acquisitions by Paramount Corporation

PARAMOUNT CORPORATION, the Malaysian property and rice milling group, has announced a spate of acquisitions totalling more than 64m ringgit ($28.4m).

The company will take over five property development companies and a leading radio and electrical company through exchanges of shares. The deals will enhance Paramount's position as a leading property developer as wel as to give it a important vehicle into Malaysia's fast expanding home apliances market.

Paramount will issue 21.468m new shares of one ringgit each valued at 3 ringgit for Patani Jaya, Berkeley Sdn. Berhad, Berkeley Maju, Maju Gading Development, Kaca Biru Development, and Kee Huat Radio company.

The company will exchange 8.64m new shares for the entire 800,000 shares of one ringgitt each of Patani Jaya, valuing the company at 25.9m ringgit.

Berkeley Sdn. Berhad and Berkeley Maju wil be acquired for 5.1m shares, valuing the two companies at slightly over 15m ringgit.

Maju Gading Development holders will receive 1.333m new shares valuing the company at 3.99m ringgit.

Holders of Kaca Biru Development will receive 2.4m shares valuing the company at 7.2m ringgit and 74 per cent of Kee Huat Radio Company, wil be acquired for 4m shares.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Final:
Vectis Stone

FUTURE DATES

Interims:	
Armour Trust	Dec. 30
Haynes Publishing	Jan. 22
Jones Stroud	Jan. 14
Waddington (John)	Jan. 7
Final:	
Watson and Philip	Dec. 30

SPAIN

December 24	Price %	+ or —
Banco Bilbao	333	
Banco Central	322	
Banco Exterior	303	
Banco Hispano	325	
Banco Ind. Cat.	115	
Banco Santander	347	
Banco Urquijo	214	
Banco Vizcaya	352	
Banco Zaragoza	213	
Dragados	135	
Espanola Zinc	60	
Fecsa	65	
Gal. Preciados	40	
Hidrola	73	
Iberduero	58	
Petroleos	90	
Petroliber	103	
Sogefisa	40	
Telefonica	70.5	
Union Elect.	70	

£000's capitalisation	Company	Price	Change on week	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
1,144	ABI Hldgs. 10pc CULS	115xi	− 3	10.0	8.7	—	—
3,936	Airsprung	68	+ 1	4.7	6.9	10.8	14.9
1,100	Armitage & Rhodes	44xd	—	4.3	9.8	3.7	8.3
12,037	Bardon Hill	187xd	—	9.7	4.9	9.6	11.7
6,809	Deborah Services	88	—	5.5	6.3	4.4	8.3
4,649	Frank Horsell	124	—	6.4	5.2	11.2	27.0
9,679	Frederick Parker	67	+ 2	1.7	2.5	29.1	—
367	George Blair	47	—	—	—	—	—
4,021	IPC	99	− 1	7.3	7.4	7.1	10.8
2,454	Jackson Group	97	− 1	7.0	7.2	3.1	6.9
15,734	James Burrough	114	—	8.7	7.6	8.3	10.5
2,652	Robert Jenkins	260	− 3	31.3	12.0	3.6	9.2
2,340	Scruttons "A"	54	—	5.3	9.8	8.3	7.7
4,076	Torday	167	—	10.7	6.4	5.4	9.9
2,778	Twinlock Ord.	13	—	—	—	—	—
1,993	Twinlock 15pc ULS	73	—	15.0	20.5	—	—
4,425	Unilock Holdings	29xd	− 2	3.0	10.3	5.2	8.8
9,760	Walter Alexander	77	—	6.4	8.3	6.1	9.0
4,984	W. S. Yeates	214	− 2	13.1	6.1	4.1	8.2

Prices now available on Prestel page 48146.

Terms (years)	3	4	5	6	7	8	9	10
INTEREST %	13¼	13½	13½	13¾	13¾	14	14	14¼

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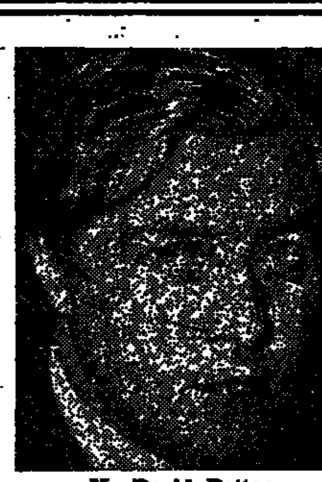
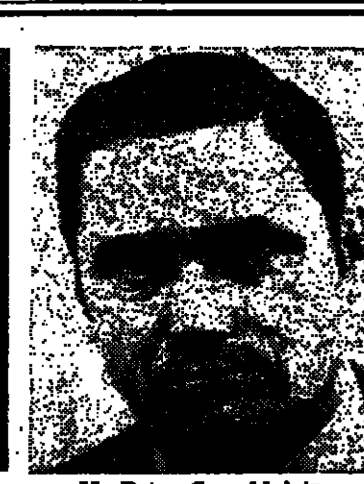
INTERNATIONAL CAPITAL MARKETS

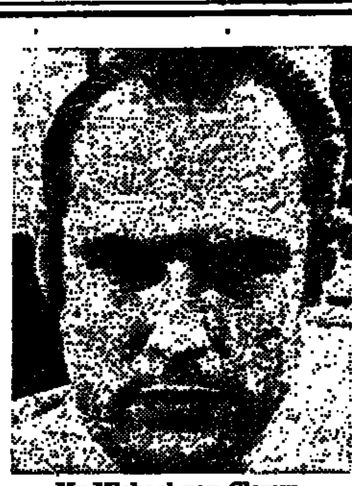
The past year has seen exceptionally volatile conditions in the Eurobond market, with record coupons being paid on dollar bonds. How does the market look back on its own performance? Six leading participants give their own views of 1981 and their expectations for 1982


Mr Rupert Hambro


Mr Stanley Ross


Mr David Potter


Mr Peter Ganschinietz


Mr Michael von Clemm


Mr Damien Wigny

MICHAEL VON CLEMM—CSFB

The year of the warrant

THE INTERNATIONAL capital market surprised even its greatest admirers during 1981. Its most impressive feature was the working of the "invisible hand."

Whereas 1980 was characterised by economically suicidal commission cutting, constant and costly overcrowding of issues, and an equally costly fascination with pre-priced issues, 1981 showed a return to sanity and order that owed nothing to regulatory organisation, and everything to the common sense and self-discipline of the 10 or so banks which are the market's traditional leaders.

Actually, the year started badly with two lemming charges; one in early January (over $1.5bn of new issues were launched in one 24-hour period), and a replay in late January and early February.

Thereafter the invisible hand took over and, in spite of interest rates that rose for many months, and a persistent inverse yield curve, the flow of new Eurobond issues was constant and, more importantly, steady.

Furthermore, after a painful eight-month season (which ended in February of 1981) of new issues with final prices fixed before launch date, the market leaders prevailed over their clients and reintroduced the classical open-price launch. This return to open pricing brought many sub-underwriters back into the new issue business.

Having bowed to one flash of insight, the market succumbed to another, and the "commission war" of 1980 lacked the momentum to extend into 1982. The few transactions that were carried out at less than acceptable commissions were not acts of war, but the clumsy work of "Euro-yobboes" unable to differentiate between a private placement and a public issue retail distribution.

The year-end review saw little of anything that might be termed "innovations," although the zero coupon bond was given a try. Some intellectually interesting bond operations were done on the basis of foreign exchange swaps, but the bonds themselves were "plain vanilla."

For those seeking a simple label for the 1981 Eurobond market, it was "the year of the warrant."

The Deal of the Year award might not go to the Du Pont issue, but the transaction, increased from $250m to $400m, was the most brilliantly executed corporate debt offering in the history of the Eurobond market.

PETER GANSCHINIETZ—WESTLB

Improved outlook

HELPED BY reduced current account deficits and a stronger D-mark, the German capital market quickly followed the U.S. interest rate reductions, which started in August. By early December, bond yields were down to below 10 per cent from a September high of 12 per cent. The Bundesbank had meanwhile lowered the special Lombard rate from 12 per cent to 10.5 per cent.

For 1982, the domestic environment looks definitely better than for 1981: the D-mark will tend to strengthen, supported by a reduction in the current account deficit from about DM 23bn to DM 5bn and inflation will decrease to some 5 per cent. Growth—at about 1.5 per cent — will remain rather weak. Thus, domestically there is every reason for further interest rate reductions.

However, numerous risk factors remain. In particular, U.S. interest rate gyrations would continue to influence the German capital market. The considerable public budget deficits and the need for consolidation of short-term debts could also prove to be a burden. Finally, international, as well as internal, political developments should be closely watched.

On the whole, however, I do envision a lively—and profitable—bond year 1982 with increased issuing activity in the D-mark Eurobond sector.

DAMIEN WIGNY—KREDIETBANK

More wisdom—and ideas

WE HAVE just gone through a year of great uncertainty. The currency markets have experienced wild fluctuations, as has the fixed interest market. Conditions in the capital market should reflect investors' long-term expectations about inflation and real remuneration of their investment. But this is not the case any more.

The dollar sector has been predominant in the international capital market. On dollar securities, rates offered were high and the real remuneration to the investor exceptionally rewarding. An increasing number of buyers tried to benefit from short-term currency appreciations. Many investors nowadays are behaving like gamblers in a casino.

The total amount of bond issues brought into the international markets was enormous. Lead managers fortunately demonstrated increasing caution, prudence and wisdom, having more consideration for the real market forces as reflected in the secondary market. The terms of most bond issues were, towards the end of the year, quite realistically set. This professionalism was imposed upon lead managers by the heavy losses incurred in previous mispriced issues. At the start of the year, conditions of many issues were set in anticipation of a decline of interest rates, a forecast that proved to be false. It was pure speculation, which should be anathema to bankers.

In reaction to the uncertain development of interest rates, bankers are becoming more and more imaginative. Some instruments, like the floating rate note (FRN), allow the borrower to match his needs for long-term funds against the investor's unwillingness to invest long-term in instruments which do not retain their capital value.

Other new developments could also be of great interest, like the use of bond warrants and the creation of a futures market, although I am afraid that they could have a tendency to increase market volatility.

RUPERT HAMBRO—HAMBROS BANK

Remarkable resilience

THE PAST year has seen the highest coupon (17¾ per cent) in our market's history as well as new innovations such as the zero coupon bond. Despite great volatility the market has shown remarkable resilience throughout the year and will be remembered, among other things, for the continuous flow of floating rate note issues, as well as for the Japanese tidal wave of convertible issues.

In the past six months we have seen a more realistic pricing policy by management groups, something for which I had appealed at the AIBD annual meeting in Hamburg. I am delighted to see this improvement and sincerely hope that it will continue.

I also remember the diversity of unpronounceable names appearing on the morning telexes. Some have suggested one should attend Berlitz, others that one should steer well clear of the underwriting commitment. My own bank is not blameless in this respect.

As for 1982, my crystal ball tells me that the early part of the year will see interest coupons steady at today's level, or even slightly lower; short- to medium-term interest rates, particularly in U.S. dollars, are likely to rise during the second half of the year. I expect more non-Japanese convertibles to come to the market and a greater number of D-mark and Swiss franc issues. The year should be easier than 1981 for both issuer and investor with a continuing diversity of names—not all unpronounceable—coming to the market.

STANLEY ROSS — ROSS AND PARTNERS

Greater volatility

IF THERE is one thing we can all anticipate in 1982, it is that volatility may well be even greater next year than this. Gone are the days when one could trade to a trend which might last for weeks, months or even years. Trading today is more than ever about positioning, about taking an overall view and having the courage to stick to it.

Take the view expressed in our recent London Letter that unless the Fed cut rates by several points, the U.S. was in danger of sliding into depression, with high quality, non-bank fixed coupon dollar bonds the beneficiaries for fundamental reasons, and, in The Fortress America of the 80s, for currency reasons as well. But we could also see a severe credit crunch associated with a banking crisis, during which time it would not be comfortable holding bonds even with recourse to the Chicago Futures Market. What a minefield!

On more specific matters, I believe that in general, Eurobond traders have served the community well in 1981. I also believe, however, that the industry as a whole is failing to support the traders.

The strongest possible mandate should be given to the AIBD market practices committee to censure publicly both market makers who fail to quote when challenged in issues to which they have posted their name, but more important, to tackle the scandal of dealing departments of issuing houses profiting from insider information.

DAVID POTTER — SAMUEL MONTAGU

Power to innovate

THE EUROMARKET again showed its power to innovate in its adaptation to a more sophisticated investor universe —zero coupon bonds—with an increasingly perplexed and short-term view—note issuance facilities and variants on the floating rate note and floating rate certificate of deposit—combined with the blurring of the border line between the money, capital and banking markets.

One probably heard less of the evils of the grey market in 1981. Was this a Thatcherite reflection on "The Market Rules OK" or the fact that managers were pricing, changing prices or withdrawing issues in a more realistic fashion? Perhaps it was a combination of both, and one to be welcomed.

Of particular interest to a London merchant bank has been the evolution of the Bulldog market. High hopes were expressed as to its rapid evolution during 1981, and indeed at times the Bank of England's waiting room was full to bursting.

Where did all these borrowers go?

There is no doubt that the high and rising level of sterling interest rates, coupled with the exchange rate evolution, caused many borrowers to withdraw their names.

Nevertheless 10 issues were completed for a wide range of borrowers on a fixed-rate basis.

Although at the end of the year most were standing at a discount to the issue price, it is interesting to note that in many cases their yield advantage over gilts was narrower than when they were launched.

This gives cause for optimism for 1982. In any new market the underwriting bankers have a major selling job in terms of educating the market to take a new type of credit in a new form. This process has been energetically pursued by merchant banks and stockbrokers during 1981 and it is possible to speculate that in 1982 their efforts will be rewarded.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Bush 16½ 88	100	101½	101⅞	0	+0⅛	16.12
APS Fin. Co. 17¼ 86 ...	60	102¼	102⅞	0	+0⅛	16.36
Armco O/S Fin. 15⅜ 86	50	99½	100	0	+0⅛	15.43
Bank Montreal 16¼ 91	150	100½	101	+0⅛	+0⅛	16.08
Br. Colum. Hyd. 16¼ 88	100	102¼	102⅝	0	0	15.62
Br. Colum. Mfs. 17 97	54	103¼	103¾	0	+0⅛	16.36
Can. Nat. Rail 14½ 91	100	95½	96	−0⅛	0	15.48
Caterpillar Fin. 16½ 86	100	102¼	102¾	0	+0⅛	15.68
CFMP 16⅞ 86 ...	100	102½	103	0	+0⅛	16.23
CIBC 16⅜ 91 ...	100	102⅜	102⅞	−0⅛	−0⅛	16.16
Citicorp O/S 16¾ 86...	150	102⅞	103⅜	0	0	15.72
Cities Service 17 88...	150	103⅜	103⅞	0	0	16.02
Con. Illinois 14⅝ 84 ...	100	99	99½	0	+0⅛	15.01
Cons.-Bathurst 17½ 88	60	102¾	103¼	0	+0⅛	16.70
CPC Fin. 16⅝ 86 ...	50	104⅛	104⅝	+1½	+0¼	15.24
Dupont O/S 14½ 88...	400	98⅞	99⅜	−0⅛	+0⅛	14.70
EIB 16½ 88 ...	100	102⅜	102⅞	−0⅛	0	15.78
EIB 16⅝ 91 ...	100	103¼	103¾	0	−0⅛	15.99
GMAC O/S Fin. 16½ 84	300	101¼	101¾	0	+0½	15.80
Gulf States O/S 17½ 88	60	103½	104	−0½	−0¼	16.48
Nat. Bk. Canada 16½ 88	40	100⅜	100⅞	+0⅛	+0½	16.39
Nat. West. 14¾ 91 ...	100	99	99½	0	0	14.89
New Brunswick 17 88	60	104¼	104¾	0	+0⅛	15.82
Newfoundland 17⅛ 89	60	105¾	106¼	−0⅛	+0⅛	15.81
New. & Lab. Hy. 17⅛ 89	75	102⅞	103⅜	0	−0⅛	16.49
Ohio Edison Fin. 17½ 88	75	102¼	102¾	0	+0½	16.84
OKG 15¾ 97 ...	50	97⅜	97⅞	−0⅛	−0⅛	16.16
Ontario Hyd. 16 91 (N)	200	100⅞	101⅜	0	+0⅛	15.77
Quebec Hydro. 17¼ 91	150	105½	106	+0⅛	+0⅛	16.01
Quebec Province 15¾ 89	150	97¾	98¼	0	+0⅞	15.73
Saskatchewan 16⅜ 88...	100	100⅝	101⅛	0	+0⅛	15.97
Shell Canada 15¾ 91 ...	100	102¾	103¼	−0⅛	−0⅛	15.12
Sweden 14½ 88 ...	150	94¾	95¼	0	−0⅛	15.72
Swed. Ex. Cred. 16½ 93	75	101½	102	0	+0⅛	16.14
Tenneco Int. 17 89 ...	100	103¾	104¼	0	−0⅛	16.01
Texas Eastern 15⅞ 88...	75	97¼	97¾	0	0	16.50
Transcanada 17⅜ 88 ...	75	104⅞	105⅜	+0½	+0½	16.40
Transcanada 16 89 ...	100	98¾	99¼	0	+0½	16.22
Walt Disney 15¾ 86...	100	101⅜	101⅞	0	+0⅛	15.17
Winnipeg 17 86 ...	50	103¾	104¼	0	+0⅛	15.73
WMC Fin. 15½ 88 ...	50	95¾	96¼	0	0	15.63
World Bank 16 86 ...	210	101⅞	102⅜	0	+0⅛	15.21
World Bank 16 88 ...	80	101½	102	0	−0⅛	15.48
World Bank 16½ 86...	130	103⅜	103⅞	−0⅛	+0⅛	15.[illegible]
World Bank 16½ 88...	100	103	103½	0	+0⅛	15.64

Average price changes... On day 0 on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99½	100	−0½	−0¼	10.03
Asian Dev. Bank 10¾ 89	100	101½	102	0	−0¼	10.40
Belgelectric 11 91...	100	100½	101	+0¼	−0¼	10.85
CECA 10 91 ...	120	†101¾	102¼	+0½	0	9.65
Coun. of Europe 10 91	100	100½	101	0	+0¼	9.86
Coun. of Europe 10¼ 91	100	100½	101	0	0	10.11
EEC 10⅛ 93 ...	100	100¼	100¾	0	0	10.06
EIB 8½ 90 ...	200	92⅞	93⅜	−0⅛	−0⅞	9.68
EIB 10½ 91 ...	200	†101¾	102¼	−0½	−0½	10.14
Finland, Rep. of 10½ 86	100	99½	100	0	−0½	10.55
Inter-American 10 91 ...	100	†101½	102	+0¼	+1¼	9.69
Inter-American 10¼ 91	100	100½	100¾	−0½	−0⅛	10.18
Japan Air Lines 8⅜ 87	100	95½	96	0	−0⅛	9.06
Midland Int. Fin. 8½ 90	150	93¾	94¼	+0½	0	9.53
Mt. Bk. Dnmk. 10½ 91	100	99⅝	100⅛	+0⅛	−0¼	10.51
Nat. West. 11 91 ...	125	103¾	104¼	0	−0¼	10.32
New Zealand 9¾ 88 ...	200	99⅝	100⅛	+0⅛	+0⅛	9.75
OKB 10¼ 91 ...	150	100¼	100¾	0	−0¼	10.03
Quebec Hydro 10¼ 91...	150	101¾	102¼	0	0	9.94
Renault Acpt. 10⅜ 86	150	100	100½	−0¼	−0¼	10.64
Swed. Ex. Cred. 10⅛ 91	100	98⅞	99⅜	−0⅛	−0¼	10.39
World Bank 11 91 ...	100	103½	104	−0⅛	−0½	10.35
World Bank 10 91 ...	250	100	100½	0	−0¼	9.95

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91...	60	94	94½	−0¼	−0¼	7.37
Asian Dev. Bank 8 90	80	102¼	102¾	+0⅛	−0¼	7.64
BFCE 6½ 91 ...	100	†94½	95	+0⅛	−2	7.30
Belgelectric Fin. 7¾ 91	100	101¼	101½	+0¼	−0⅛	7.53
Bell Canada 7¼ 93 ...	100	105	105¼	+0⅞	+1¼	6.61
Bergen, City of 6¾ 91	40	100	100¼	0	−0¼	6.72
Bat. de Autopistas 8 90	50	99⅞	100⅛	−0⅛	−0⅛	8.00
CECA 6¾ 91 ...	80	†97¼	97¾	0	−2⅛	7.12
Dome Petroleum 5¾ 91	100	93⅛	93⅞	+0¼	−0⅛	6.68
Dome Petroleum 7¼ 90	100	103½	103¾	0	+0⅛	6.66
Franc. Petroles 6½ 91...	80	95	95¼	−0⅛	0	7.23
Genstar 7 91 ...	100	102¼	102⅝	+0⅛	+0⅛	6.63
Int. Amer. Dv. Bk. 7 91	100	†96½	96¾	−0¼	−0¼	7.20
I/S Elsam 8½ 91 ...	80	104	104¼	0	0	7.87
Japan Air Lines 7¼ 91	100	103¼	103½	+0½	+0¼	6.77
Neder. Gasunie 8 91...	100	105½	105¾	+0¼	+0⅛	7.18
OKB 7 93 ...	100	100⅞	101¼	+0⅞	+0⅞	6.86
OKB 7¼ 91 ...	100	100½	100¾	+0½	−0⅛	7.16
Oslo, City of 8 91...	100	105½	105¾	+0½	+0⅛	7.19
Saint Etienne 8½ 91...	20	103⅞	104⅛	+0⅛	0	7.86
Swed. Ex. Credit 7¼ 91	75	98¾	99	+0⅛	+1⅛	7.41
TNT O/S Fin. 8 91...	50	104⅛	104⅜	+0⅛	+0⅛	7.34
Unilever NV 7½ 93 ...	100	104⅞	105⅛	+0¼	+1⅛	6.57
World Bank 6 91 ...	100	93¼	93½	+0⅛	−0⅛	7.00
World Bank 7 90 ...	100	100½	100¾	+0⅞	+0½	6.89
World Bank 8 91 ...	100	104	104¼	+0⅛	+0⅛	7.39

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91...	15	†99⅝	100⅛	0	−0⅛	8.26
Australia 8½ 88 ...	20	90⅞	91⅜	0	+0⅛	8.31
EIB 7⅝ 89 ...	12	98⅛	98⅝	0	+0⅛	7.98
Finland, Rep. of 8½ 87	15	†98½	99	0	−0⅛	8.69
Int.-Amer. Dev. 8⅝ 91...	15	†101	102	0	−0⅛	8.64
New Zealand 8⅛ 87 ...	15	99¾	100¼	0	−0½	8.30

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†98½	99	+0⅛	+0½	17.23
Federal Dev. 17¼ 86 C$	40	†104½	105½	0	0	16.14
GMAC (Can.) 18 87 C$	60	†104½	105½	+0½	+0½	16.52
Pancanadian 16½ 86 C$	65	†98	98½	0	0	16.94
Queb. Urban 16⅞ 86 C$	20	†100½	101½	0	0	16.43
Roynat 17¼ 86 C$ ...	40	†100¾	101¾	+0⅛	+0⅛	16.93
Tordom Cpn. 13½ 85 C$	30	†94½	95½	0	−0½	15.41
M. Bk. Dnmk. 9 91 EUA	25	82	83½	−0½	−0⅞	12.07
SOFTE 8¾ 89 EUA ...	40	77¾	79	−0¼	−1⅛	12.99
U. Bk. Nwy. 9½ 90 EUA	18	91	92¼	0	+0¼	11.09
Algemene Bk. 10⅛ 86 Fl	80	99⅛	99⅝	+0⅛	+0⅞	10.38
Amfas Group 12¼ 86 Fl	40	102¾	103¼	0	+0¼	11.40
Amro Bank 12 86 Fl ...	75	101⅞	102⅜	+0⅛	+0⅛	11.33
Amro Bank 12 86 Fl ...	80	101½	102	−0½	+0½	11.49
Heineken NV 10 87 Fl...	100	95⅞	96⅜	+0⅛	+0¼	10.93
Pierson 10¾ 86 Fl ...	50	97⅜	97⅞	−0½	0	11.04
Rabobank 12 86 Fl ...	50	101⅛	101⅝	0	−0⅛	11.54
Air France 14½ 86 FFr...	200	92½	93½	0	+0⅛	16.83
Bk. America 14½ 86 FFr	250	93	94	0	−0¼	16.63
Charb'nages 13⅞ 85 FFr	400	92¼	93¼	0	0	16.54
EIB 14⅛ 88 FFr ...	300	89⅛	90⅛	0	0	16.99
La Redoute 14⅛ 85 FFr	125	91	92	0	0	17.50
OKB 14 86 FFr ...	400	91⅛	92⅛	0	0	16.74
Solvay et C. 14¾ 86 FFr	200	92	93	0	0	17.33
Swed. E. Cr. 14⅜ 86 FFr	250	92	93	+0⅛	0	17.15
U. Mex. Sts. 14 85 FFr	150	91¼	92¼	0	0	17.26
Acona 14 85 £ ...	20	90⅛	91⅛	0	−1	17.27
Beneficial 14⅛ 90 £ ...	20	84½	85½	+0¼	0	17.70
BNP 13½ 91 £ ...	15	84	85	−0⅛	−1⅛	16.95
CECA 13½ 88 £ ...	20	88½	89½	0	−1½	16.25
Citicorp O/S 13½ 90 £	50	88¼	89¼	0	+0¼	15.93
Fin. Ex. Cred. 13¾ 86 £	16	90	91	0	−1⅞	16.98
Gen. Elec. Co. 12½ 89 £	50	85⅛	86⅛	+0½	−2¼	15.88
Hiram Walker 14¼ 86 £	25	93¾	94¾	0	0	16.12
Privatbanken 14½ 88 £	12	91	92¼	−0⅛	−1⅛	16.68
J. Rothschild 14¼ 90 £	12	92⅛	93⅛	−0⅛	−1⅛	15.76
Royal Trustco 14 86 £...	12	92¾	93¾	0	−1½	16.29
Swed. Ex. Cr. 13⅛ 86 £	20	91	92	0	0	16.64
Akzo 9¼ 87 LuxFr ...	500	85⅝	86⅝	−0⅛	−0¼	12.74
Euratom 9¼ 88 LuxFr ...	500	84⅝	85⅝	0	−0¼	13.50
Eurofima 10½ 87 LuxFr	500	90⅛	91⅛	0	+1	12.86
EIB 9¾ 88 LuxFr ...	600	85⅞	86⅞	+0⅛	+0⅛	13.12
Volvo 9¾ 87 LuxFr ...	500	86½	87½	0	+0⅛	13.02

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99½	100	16/6	14⅛	14.29
Bank of Montreal 5¼ 91	0⅛	99⅜	99⅞	29/4	17.06	17.13
Bank of Tokyo 5¼ 91 ...	0⅛	98	98½	10/6	13⅛	13.49
Bk. Nova Scotia 5¼ 93	0⅛	99⅝	100⅛	29/4	17.06	17.08
BBL Int. 5 88 ...	0¼	98¾	99¼	20/5	13½	13.57
BFCE 5¼ 88 ...	0⅛	99¾	100¼	26/4	16.94	16.94
Christiania Bk. 5½ 91...	‡0¼	98¼	98¾	5/2	16.56	16.72
Co-Ban Eurofin 5½ 91...	0¼	98½	99	14/4	16.69	16.90
Den Norske Cred. 5½ 93	0¼	97½	98	4/12	13.56	13.87
Genfinance 5⅛ 87 ...	0¼	100¼	100¾	30/4	17.06	16.98
Genfinance 5¼ 92 ...	0¼	99⅛	99⅝	30/12	18.31	18.38
Giro und Bank 5⅛ 91 ...	‡0¼	99	99½	23/12	17½	17.63
GZB 5⅛ 92 ...	‡0¼	98½	99	5/3	13⅛	13.29
Ind. Bank Japan 5¼ 88	0⅛	99⅞	100⅜	9/5	13.31	13.30
Lloyds Eurofin 5¼ 93 ...	§0¼	99⅝	100⅛	29/4	17.13	17.15
LTCB Japan 5½ 88 ...	0⅛	†99	99½	16/1	18.32	18.46
Midland Int. Fin. 5 91	0⅛	99⅝	100⅛	30/4	17.06	17.06
Nacional Fin. 5⅛ 88 ...	0¼	†97⅞	98⅜	25/3	17.31	17.64
Nat. Bk. Canada 5¼ 88	0⅛	99⅝	100⅛	24/3	17.31	17.33
Nat. West. Fin. 5¼ 91...	§0⅛	99⅛	99⅝	15/1	16⅛	16.24
Nat. West. Fin. 5¼ 92...	§0⅛	99⅝	100⅛	23/4	17	17.02
Nordic Int. Fin. 5½ 91...	0¼	98½	99⅛	6/5	15⅜	15.78
Offshore Mining 5¼ 91	0⅛	98⅜	98⅞	2/6	13	13.21
Pemex 6 91 ...	0¼	98⅛	98⅝	8/4	17	17.28
Pemex 5⅛ 88 ...	0⅛	*†98	98½	14/2	18.81	19.15
Sanwa Int. Fin. 5⅛ 88...	0⅛	†99½	100	24/3	17⅛	17.29
Sec. Pacific 5¼ 91 ...	0⅛	98⅞	99⅜	24/6	13¼	13.40
Societe Generale 5⅛ 91	0⅛	†99⅜	99⅞	22/1	18⅝	18.70
Sparebanken 6 87 ...	0⅛	98⅜	98⅞	21/6	14.44	14.64
Standard Chart. 5⅛ 91	0⅛	98	98½	18/5	13.31	13.55
Sumitomo Fin. 5½ 88...	0⅛	99¾	101¼	6/2	19.56	19.56

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96 ...	7/81	933	100¾	102¼	+2¼	5.15
Bow Valley Inv. 8 95...	4/81	23.12	102¾	104½	−0⅛	18.59
Canon 6¾ 95 ...	1/81	829	118½	120½	+2⅛	3.32
Daiwa Secs. 5½ 96 ...	12/81	539	†80	82	−5	−1.66
Fujitsu Fanuc 4½ 96 ...	10/81	6770	105¾	106¾	+0½	4.59
Furukawa Elec. 5¼ 96...	7/81	300	122½	124	+0¼	−0.93
Hanson O/S Fin. 9½ 96	8/81	2.74	†89	90½	−0⅛	−4.94
Hitachi Cred. Cpn. 5 96	7/81	1986	91½	93½	0	12.58
Inchcape 8 95 ...	2/81	4.55	†59	60½	+0½	25.33
Kawasaki 5⅛ 96 ...	9/81	229	83	84½	+0½	2.36
Marui 6 96 ...	7/81	931	103	104½	+0⅛	−0.53
Matsushita El. 7½ 95 ...	11/80	590	98½	100	+0⅛	0.27
Minolta Camera 5 96 ...	10/81	809	†76	77½	+1	8.01
Murata 5⅛ 96 ...	7/81	2190	80	81½	0	19.75
NKK 6½ 96 ...	7/81	188	98½	100	+0⅛	−0.61
Nippon Chemi-C. 5 91...	10/81	919	*†77	78	+0⅛	0.16
Ricoh 6⅛ 95 ...	8/80	604	112	114	+0⅛	2.67
Sanyo Electric 5 96...	10/81	652	†82½	84	+1½	7.15
Sumitomo Met. 5¼ 96...	10/81	305	85½	87	0	0.51
Swiss Bk. Cpn. 6¼ 90...	9/80	200	†74½	76½	0	18.78
Taylor Woodrow 8¼ 90	1/81	4.94	†78	79	−0½	−2.51
Transco Int. 8¾ 95 ...	2/81	68	†84	85½	0	23.94
Tricorp 8½ 95 ...	12/80	31.25	†75½	77	0	48.93
Union Bk. Switz. 5 89...	2/80	70.79	†81	83	+0½	4.49
Mitsubishi H. 6 89 DM	2/82	263	99¾	100¾	+2	1.10
Sharp Cpn. 6½ 88 DM...	9/80	591.8	177	178½	−2½	−3.44

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week......	n.a.	¶3,440.1
Previous week	3,837.2	6,643.4
Other bonds		
Last week......	n.a.	¶313.4
Previous week	907.8	867.8

¶ Three days' figures only.

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on December 23

WORLD STOCK MARKETS

Dow off 1.33 at mid-session

STOCKS were slightly lower at mid-session in quiet trading on Wall Street as many investors *took the week off* between the Christmas and New Year holidays.

The Dow Jones Industrial Average was down 1.33 from Thursday's close to 872.05 at 1 pm. Declines led advances by seven-to-five and volume totalled 20.69m shares, against 20.51m on Christmas Eve.

The NYSE All Common index lost 7 cents to $71.04.

Analysts said the market may be taking its cut from the bond market, which was also weak. They said there is little background news to motivate trading, leaving stocks to meander in a narrow range.

Investors may also have been waiting for the weekly money supply figures, which were to be released after the close yesterday. The closely-watched M1-B measure of the money supply was expected to rise, which could put further pressure on interest rates.

Most stocks showed only fractional price changes. Rail, Steel, Drug and Mining stocks were weak, while Defence, Consumer and some Oil stocks showed gains.

MGIC Investment, to be acquired by Baldwin United, was the volume leader and gained ¼ to $47⅝. Also active was IBM, off ⅛ to $56⅞, General Motors, up⅜ to $38⅜, Ralston Purina, *off ¼ to $11½*, and Greyhound, down ⅛ to $15½.

Western Union gained 1½ to $36⅞. Curtiss-Wright raised its stake in the company from 3.8 per cent to 6.5 per cent and said it may seek control.

THE AMERICAN SE Market Value Index was off 2.20 to 319.04 at 1 pm on volume of 3.16m shares, ompared with 2.44m on Thursday.

Integrated Energy was the volume leader, up ⅛ to $4½, also active were Struthers, off ⅛ to $9⅜, Dome Petroleum, down ⅜ to $12⅜, and Vishay, up ⅛ to $9½.

Tokyo

Share prices closed higher on the last trading day of the year on selective buying of incentive-backed issues.

The Nikkei-Dow Market Average gained 23.94 to close morning trading at 7,681.84, compared with 7,116.38 on the last day of 1980. The year's high of 8,019.14 was set on August 17, while the year's low of 6,956.52 was on March 13.

Turnover was a light 140m shares. The Tokyo Stock Exchange index added 2.86 to 570.31. Defence-related issues gained on an upward revision of *Japan's defence* budget for next fiscal year, followed by new Ceramic Makers and Drugs.

Markets in Australia and Canada were closed yesterday.

Among gainers in Defence-related issues were **Mitsubishi Heavy Ind.** up Y8 to Y257, **Kawasaki Heavy Ind.** Y6 to Y239 and **Fuji Heavy Ind.** Y9 to Y429.

Shipbuilders, Steels, high-priced Electricals, Precisions and Foods were also bought selectively, but Autos, Heavy Electric Machines, Optical Fibres and Machine Tools eased on liquidation.

Major gainers included **Kawasaki Steel**, up Y7 to Y180. **Hitachi Shipbuilding** Y12 to Y235, **Canon** Y29 to Y964, **Sony** Y40 to Y3,870 **Ajinomoto** Y24 to Y924, **Takeda** Y27 to Y997, **Kyoto Ceramic** Y160 to Y3,860 and **Green Cross** Y100 to Y2,170.

Housings and Constructions rose on an anticipated increase *in house* building next year.

Trading ended at midday and will resume on January 4, when it will also cover half a day.

Hong Kong

The stock market closed higher, although trading was subdued.

Some brokers attributed the advance to window-dressing operations ahead of the year-end as there was a lack of significant bullish factors.

The Hang Seng index rose 30.52 to 1,406.11, following Thursday's 14.11 gain, to close above the 1,400 level for the first time since December 11.

Trading interest centred on leaders and utilities. **Jardine Matheson** gained HK$1.70 to HK$20.80, **KMB** HK$1.60 to HK$14.40 and **HK Telephone** HK$1.50 to HK$30.

Cheung Kong was 40c higher at HK$21.30, **Hutchison Whampoa** rose 50c to HK$17.60, **Swire Pacific "A"** 60c to HK$11.80, **HK Wharf** 20c to HK$5.60. **HK Land** 10c to HK$9.40 and **HK Bank** 20c to HK$14.50.

Switzerland

Share prices closed higher in moderately active trading, supported by a firmer bond market and news that City of Basle consumer prices rose only at an annual 6.6 per cent in December after 6.9 per cent in November.

Professional end of year portfolio switching seems to be over, dealers said. But some institutional investors have entered the market as buyers, indicating they want to build up new positions earlier than usual.

Foreign Bonds advanced in moderate volume, and domestic bonds were very steady to *slightly higher*.

Banks showed below average gains. Most Financials advanced while Insurances tended narrowly easier. Industrials rose.

Germany

Leading shares drifted lower in very quiet trading, with dealers reporting *minimal* turnover.

The Commerzbank Index slipped to 675.90 after 678.40 last Wednesday. In generally lower Banks, **Deutsche** declined to DM 262, down DM 2.50 on the previous finish, while **Dresdner** was DM 2.40 down at DM 131.50, though **Commerzbank** rose against the trend to finish DM 1 up at DM 128.50.

In Autos **VW** was DM 1.80 lower at *DM 134.10*. **Daimler** DM 2 at DM 288 and **BMW** DM 2.50 at DM 193.

In Electricals **AEG** lost DM 0.70 at DM 46.80, having opened just 0.20 down on the previous close. **BBC** fell sharply in the thin market to DM 205.20 after DM 212.

In Stores **Horten** and **Kaufhof** rose against the trend, adding DM 1.50 to DM 116.50 and DM 4 to DM 149 respectively.

On the Domestic Bond market turnover remained very low, although prices of public authority bonds rose by up to 0.30 points, with isolated losses of 0.15 reported.

The Bundesbank sold DM 20.70m of paper in Frankfurt after selling DM 14m last Wednesday. Dealers expect the new Federal Government loan, terms of which will be set today, to be for up to DM 1.6bn, and probably with a 9¾ per cent coupon.

Trading in Mark eurobonds was very quiet.

Paris

Share prices closed narrowly mixed in thin trading.

The only buying orders were stimulated by investors taking advantage of the "Monory Law" which allows them tax advantages for French share purchases made *before the end of the year.*

Johannesburg

The market was quiet and post-Christmas trading was very thin with no real trends emerging.

Gold shares closed mixed with heavyweight losses stretching to 150 cents as in **Kloof** at R38.00 and gains ranging to 100 cents as in **Vaal Reefs** at R84.00. Lesser priced issues were scarcely tested, while in Diamonds **De Beers** added three to R8.65 after R8.67.

Industrials closed slightly firmer.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

Indices

NEW YORK ACTIVE STOCKS

Manx may invest more in tourism

BY ANTHONY MORETON

THE TOURIST industry in the Isle of Man is now aware of the need to invest more to attract visitors, says Mr John Webster, chief economist to the Manx Government.

In 1979-80, the last year for which figures are available, 94 projects were assisted by the Manx Government, costing nearly £500,000 in grants and £1m in loans. Ten years earlier only 34 schemes were aided, costing £55,000 in loans.

In this financial year £2m has been put aside for these purposes, Mr Webster told the Tourism 82 conference.

The Manx Government, he said, would like to see tourism self-supporting and was keen to consider schemes enabling it to stand on its own feet.

It recognised that hoteliers, shopkeepers and others who depended on holidaymakers faced a very difficult time.

The number of visitors from May to September last year dropped to 450,000, against a peak of 635,000 in 1979 and an average of 540,000 in the 1970s. Of last year's total some 80,000 were day-trippers.

Spending by tourists in 1979 earned £19m, compared with just over £15m in 1970. But this was below the "exceptionally good" 1975 when over £20m came in.

"Preliminary evidence suggests that the average length of stay has reduced since 1977.

The indications were that more people stayed for shorter periods, while numbers staying between 11 and 14 nights decreased.

A survey in 1977 showed that the visitor spent £92 on a holiday lasting about 8½ days, an average of £10.80 a day. The holidaymaker in Jersey, a similar tax haven to Man, spent £19 a day in a stay of 9.3 days.

Spending has risen, but not enough to compensate for inflation. This year holidaymakers coming by sea spent on average £15.48, and those arriving by air £20.81 a day.

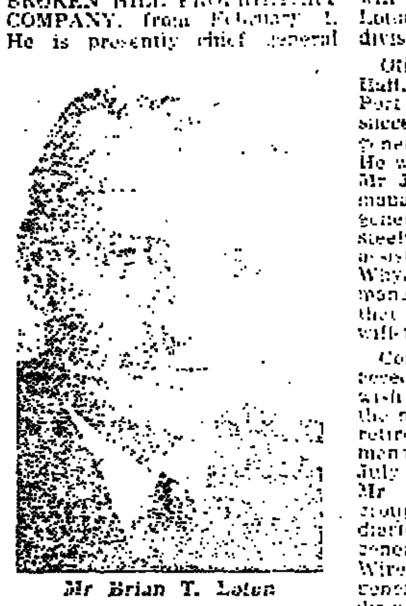
Over half of those asked about their activities in Jersey said they shopped the previous day, taking advantage of low duties on tobacco, wines, spirits and goods such as watches.

The proportion who gave shopping as a priority in Man, where VAT is 15 per cent, was "extremely low."

INTERNATIONAL APPOINTMENTS

Management changes at BHP

● Mr Brian T. Loton has been appointed managing director of BROKEN HILL PROPRIETARY COMPANY, from February 1. He is presently chief general



Mr Brian T. Loton

manager of the Group. The role of managing director was dropped four years ago and was last filled by the present chairman, Sir James McNeill. Mr W. R. Burgess, executive general manager of the steel division, has been appointed chief general manager operations. Mr Burgess will be responsible under Mr Loton for the main operating divisions of the Group.

Other changes are: Mr C. R. Hall, at present general manager Port Kembla steelworks, will succeed Mr Burgess as executive general manager steel division. He will be located at head office. Mr J. F. H. Clark, now general manager Whyalla, will become general manager Port Kembla Steelworks. Mr R. M. Chadban, assistant general manager Whyalla, will become general manager Whyalla. It is planned that the changeover at Whyalla will take place on January 18.

Concurrently the board has acceded to Mr D. A. Wittwer's wish to retire in the course of the next year. He will therefore retire as executive general manager oil and gas division on July 1 and will be succeeded by Mr R. J. Fynmore, present group general manager subsidiaries. Mr J. K. Ellis, presently general manager Australian Wire Industries, will become general manager group subsidiaries in succession to Mr Fynmore. Mr Ellis will also be appointed general manager corporate planning.

● Mr Heinrich Engeler, Mr Ewald Gassner and Mr Paul Heiniger have been appointed mangers of BANK LEU, Zurich, from January 1.

● Mr Hans Heckmann, Dr Robert Sutz and Dr Hans Ruegger have been promoted from deputy general managers to general managers of UNION BANK OF SWITZERLAND, Zurich, from January 1. Mr Heinrich Steinman becomes deputy general manager.

● Mr Arvo Karhola has been appointed vice president of JP-FINANCE OY in Helsinki, financing company of the Jaakko Poyry Group. His responsibilities include overal project investment activity. Mr Karhola worked with the Tampella Corporation as executive vice president and earlier vice president and general manager of the engineering division.

● Mr J. D. Simmons has been promoted to district sales manger, Nigeria and the Ivory Coast, of CAMERON IRON WORKS INCORPORATED, from January 1. He will work at Cameron's sales office on Victoria Island in Lagos, Nigeria.

● Mr Richard L. Fernandes has joined DOREMUS AND CO., as a vice president and advertising account group supervisor. Mr Fernandes was a vice president of N. W. Ayer Incorporated.

● Dr B. Meier and Dr A. Passardi are to be promoted to managers of HANDELSBANK NW, Zurich-based Natwest subsidiary, on January 1.

● Prof. Dr Juergen Drews has been appointed head of pharmaceutical research and development and Dr Armin M. Kessler head of pharmaceutical marketing of SANDOZ AG, Basle, from January 1. Mr Brian A. Yorke is to be promoted to head the company's patents department.

● Dr Mario de Luca has been appointed general manager of the BANCO DI ROMA with responsibility for the international network and correspondent banking. He was deputy general manager.

● Mr Curtis M. Monson Jr, manager of New Orleans' branch office, has been appointed vice president of SWETT AND CRAWFORD.

● The CHICAGO BOARD OPTIONS EXCHANGE has appointed Ms Deborah Clayworth vice president, planning and research. She has been with the CBOE since 1978, most recently as director, new products development. Prior to joining the exchange, she worked in the research department of Peters and Co. in Chicago.

● Mr Frans Swarts, chief manager of SOUTH AFRICAN AIRWAYS, has been appointed chief executive, replacing Mr Eddie Smuts who is retiring. Mr Swarts' present post will not be filled for the time being.

Pending dividends

	Date	Announcement last year		Date	Announcement last year
Assoc. Dairies	Jan 28	Int. 1.75	*MFI Furniture	Jan 27	Int. 1.1
Assoc. Newspapers	Jan 9	Final 5.9	*Magnet and Southerns	Jan 13	Int. 2.0
Assoc. Paper Inds.	Jan 15	Final 0.78	Mercantile House	Jan 26	Int. 5
*Earlsford (S. and W.)	Jan 14	Final 8.5	*NatWest	Feb 23	Final 12.25
BET	Jan 15	Int. 1.863	*Racal Electronics	Jan 13	Int. 1.15
Brown (J.)	Jan 30	Int. 1.75	Rank Org.	Jan 21	Final 6.0
City of London Trust	Jan 9	Sec. int. 1.1	Ratners (Jewellers)	Jan 12	Int. 0.67
Dalgety	Jan 27	Int. 1.725	*Raybeck	Jan 15	Int. 1.131
Daily Mail and Gen. Trust	Jan 9	Final 18.5	*SGB	Jan 12	Final 3.0
*Dixons Photo	Jan 14	Int. 1.312	Samuel (H.)	Jan 8	Int. 1.5
*Electronic Rentals	Jan 7	Int. 1.167	Tate and Lyle	Jan 21	Final 6.5
Fitch Lovell	Jan 28	Int. 1.491	Thorn EMI	Jan 9	Int. 4.05
*Hickson and Welch	Jan 7	Final 5.0	Trusthouse Forte	Jan 21	Final 9.643
Kenning Motor	Jan 14	Final 3.75	*Union Discount	Jan 27	Final 14.0
*Lloyds Bank	Feb 19	Final 9.6			
Lonrho	Feb 5	Final 6.0			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Public Works Loan Board rates

Effective December 19

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Up to 5	16⅞	16½	16⅜	17¼	17¼	17¼
Over 5, up to 6	16½	16½	16½	17¼	17¼	16⅞
Over 6, up to 7	16½	16⅝	16⅞	17¼	17¼	16⅞
Over 7, up to 8	16¼	16⅝	16⅜	17¼	17¼	16⅞
Over 8, up to 9	16⅜	16⅜	16⅞	17¼	17¼	16⅞
Over 9, up to 10	16⅜	16⅞	16½	17¼	17¼	16⅞
Over 10, up to 15	16⅜	16¼	16½	17⅛	16⅞	16⅝
Over 15, up to 25	16⅛	16	15⅞	16⅞	16½	16⅜
Over 25	16	15⅞	15⅞	16½	16½	16½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

MONEY MARKETS & EXCHANGES

London clearing bank base lending rates 14½ per cent (since December 4)

The Treasury bill rate rose by 0.2046 percentage points at yesterday's tender to 14.8206 per cent and the minimum accepted bid fell to £96.305 from £96.355. Bids at that level were met as to about 73 per cent and above in full. The £100m of bills on offer attracted bids of £133.295m and all bills offered were allotted. Next week a further £100m will be on offer, replacing a similar amount of maturities.

The Bank of England forecast a shortage of £200m in the money market with bills maturing in official hands draining £60m and Exchequer transactions a further £190m. The Bank bought £225m of bills for resale on December 31 at 14¼-14½ per cent followed by a further repurchase agreement on £20m bills at 14⅝ per cent, again unwinding on December 31.

In the interbank market overnight money opened at 14¼-14½ per cent and eased through 14 per cent to 13¾ per cent. Rates then rose to 15½ per cent although there may have been some balances taken later down to 12 per cent.

Trading in the foreign exchange market was predictably rather quiet and sterling closed on a 50-point spread against the dollar, indicating the low level of business. It finished at $1.8875-1.8925 a rise of just 10 points from Wednesday's close in London. Its trade weighted index closed at 90.6 (noon calculation) compared with an opening of 90.6 and Wednesday's close of 90.7. Against the D-mark it finished at DM 4.30 unchanged from previously and SwFr 3.43 from SwFr 3.44 against the Swiss franc.

The dollar was slightly firmer overall in a featureless market, closing at DM 2.2795 against the D-mark from DM 2.2760 and SwFr 1.8175 from SwFr 1.8200. Against the yen it closed at Y220.85 from Y220.40 and its trade weighted index rose to 107.7 from 107.5.

GOLD

	Dec. 24		Dec. 23	
Gold Bullion (fine ounce)				
Close	$403½-404½	(£213½-214)	$401-402	(£212½-213)
Opening	$403¼-404¼	(£213½-214)	$412½-403½	(£213-213½)
Morning fixing	$403	(£213.870)	$402.25	(£212.213)
Afternoon fixing	—	—	$400.40	(£211.460)
Gold Coins				
Krugerrand	$417-418	(£221-221½)	$413½-414½	(£219-219)
1/2 Krugerrand	$218-219	(£115½-116)	$212¾-213¾	(£112¾-113¼)
1/4 Krugerrand	$111-112	(£58¾-59¼)	$108½-109½	(£57½-58)
1/10 Krugerrand	$46-47	(£24¼-25)	$44¼-45¼	(£23½-24)
Mapleleaf	$418-419	(£221½-222)	$414½-415½	(£219¾-220¼)
New Sovereigns	$99-99½	(£52½-52¾)	$98¼-98¾	(£52¼-52¾)
King Sovereigns	$114-115	(£60½-61)	$114-115	(£60½-61)
Victoria Sovs	$114-115	(£60½-61)	$114-115	(£60½-61)
French 20s	$97-107	(£51¼-56¾)	$97-107	(£51½-56¾)
50 pesos Mexico	$500-502	(£265-266)	$495-498	(£262¼-264)
100 Cor. Austria	$392-396	(£207¾-209¾)	$388-392	(£205½-207¾)
20 Eagles	$508-513	(£269-271¾)	$507-512	(£268¾-271¼)

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.4429	+1.68	+0.90	±1.5368
Danish Krone	7.91117	7.94500	+0.43	−0.35	±1.6412
German D-Mark	2.40989	2.44470	+1.44	+0.66	±1.1077
French Franc	6.17443	6.20032	+0.42	−0.36	±1.3733
Dutch Guilder	2.66382	2.68895	+0.94	+0.16	±1.5063
Irish Punt	0.684452	0.686477	+0.30	−0.48	±1.6828
Italian Lira	1300.67	1302.87	+0.17	+0.17	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling ECU rate for December 23 ... 0.568219

THE POUND SPOT AND FORWARD

Dec 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8825-1.9000	1.8875-1.8925	0.33-0.23c pm	1.78	0.78-0.68pm	1.54
Canada	2.2275-2.2350	2.2295-2.2305	0.10c pm-par	0.27	0.15pm-0.05dis	0.09
Nethlnd.	4.72-4.74	4.72-4.73	1-½c pm	1.90	5½-4½pm	4.34
Belgium	72.50-73.00	72.60-72.85	85-105c dis	−14.02	130-180dis	−8.52
Denmark	13.96-14.01	13.96½-13.98½	4½-3½ore pm	3.49	7⅞-6½ pm	2.06
Ireland	1.2060-1.2120	1.2070-1.2100	0.31-0.44p dis	−3.72	0.80-1.12dis	−3.18
W. Ger.	4.29-4.32	4.29½-4.30½	1¾-¾pf pm	2.79	5-4½ pm	4.42
Portugal	123.50-124.25	123.65-123.95	25-125c dis	−10.18	65-185dis	−4.04
Spain	183.75-184.50	183.85-184.00	5-30c dis	−1.14	10-70dis	−0.87
Italy	2285-2293	2288-2289	11½-14½lire dis	−6.82	41-45dis	−7.52
Norway	11.04-11.10	11.06-11.07	1½ orepm-½ dis	0.41	3½-1½ pm	0.93
France	10.86-10.90½	10.87-10.88	½-1½c dis	−0.93	3-4 dis	−1.29
Sweden	10.50-10.55	10.51-10.53	3½-2⅞ore pm	3.71	10-9½ pm	3.66
Japan	415½-418	416-417	3.35-2.90y pm	9.00	9.15-8.55 pm	8.50
Austria	30.05-30.25	30.10-30.20	15½-10½gro pm	5.17	46-36 pm	5.44
Switz.	3.42-3.45	3.42½-3.43½	1½-1c pm	4.37	4½-4 pm	4.96

Belgian rate is for convertible francs. Financial franc 80.20-80.30. Six-month forward dollar 0.80-0.70c pm. 12-month 1.10-0.90c pm.

THE DOLLAR SPOT AND FORWARD

Dec 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8825-1.9000	1.8875-1.8925	0.33-0.23c pm	1.78	0.78-0.68pm	1.54
Ireland†	1.5625-1.5700	1.5650-1.5700	0.87-0.57c pm	4.75	1.75-1.55pm	4.21
Canada	1.1810-1.1822	1.1812-1.1822	0.16-0.21c dis	−1.88	0.42-0.52dis	−1.59
Nethlnd.	2.4950-2.5050	2.4990-2.5040	0.55-0.45c pm	2.40	1.70-1.60pm	2.64
Belgium	38.30-38.70	38.59-38.61	40-60c dis	−15.54	70-110dis	−9.33
Denmark	7.3700-7.4000	7.3800-7.3900	1.10-0.85ore pm	1.58	1.00-0.50 pm	0.41
W. Ger.	2.2700-2.2860	2.2790-2.2800	0.45-0.40pf pm	2.24	1.55-1.50 pm	2.68
Portugal	65.50-66.15	65.70-66.00	25-105c dis	−11.84	65-235 dis	−9.11
Spain	97.40-97.80	97.50-97.60	20-30c dis	−3.07	55-75 dis	−2.66
Italy	1207-1214	1209-1211	8½-9½lire dis	−8.92	27-29 dis	−9.26
Norway	5.8450-5.8700	5.8500-5.8700	¾-1ore dis	−1.28	½-1 dis	−0.43
France	5.7500-5.7800	5.7625-5.7675	1.10-1.30c dis	−2.50	4.00-4.50dis	−2.95
Sweden	5.5600-5.5825	5.5725-5.5825	0.90-0.75ore pm	1.77	2.80-2.65 pm	1.95
Japan	220.00-222.00	220.80-220.90	1.40-1.25y pm	7.20	3.90-3.75pm	6.93
Austria	15.94-16.00	15.96-15.98	5.40-3.90gro pm	3.49	17-13 pm	3.76
Switz.	1.8100-1.8250	1.8170-1.8180	0.53-0.45c pm	3.23	1.78-1.70 pm	3.83

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Dec. 24	Bank of England Index	Morgan Guaranty Changes¶
Sterling	90.6	Unavai'ble
U.S. dollar	107.7	"
Canadian dollar	89.2	"
Austrian schilling	116.7	"
Belgian franc	105.0	"
Danish kroner	87.2	"
Deutsche mark	121.8	"
Swiss franc	155.6	"
Guilder	113.9	"
French franc	80.5	"
Lira	55.6	"
Yen	144.6	"

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.611933	0.568219
U.S. $	12	1.15998	1.07365
Canadian $	15.15	1.37063	1.26862
Austria Sch.	6¾	18.4912	17.1032
Belgian F.	15	44.6560	41.4429
Danish Kr.	11	8.57805	7.94500
D mark	7½	2.64165	2.44470
Guilder	9	2.90459	2.68895
French Fr.	9½	6.69960	6.20032
Lira	19	1407.64	1302.87
Yen	5½	255.312	236.095
Norwgn. Kr.	9	6.78298	6.27655
Spanish Pta.	8	113.193	104.767
Swedish Kr.	11	6.48081	5.99815
Swiss Fr.	6	2.10304	1.95189
Greek Dr'ch.	20½	—	62.0032

OTHER CURRENCIES

Dec. 24	£	$		£ Note Rates
Argentina Peso	13,706-13,726†	7238-7256†	Austria	30.05-30.35
Australia Dollar	1.6775-1.6795	0.8875-0.8880	Belgium	79.75-81.75
Brazil Cruzeiro	240.76-241.76	127.16-127.80	Denmark	13.89-14.01
Finland Markka	8.265-8.324	4.3900-4.3950	France	10.85-11.00
Greek Drachma	108.575-109.868	57.80-58.20	Germany	4.28-4.33
Hong Kong Dollar	10.72-10.73½	5.67½-5.68½	Italy	2270-2300
Iran Rial	150.40*	79.40*	Japan	417-422
Kuwait Dinar (KD)	0.530-0.536	0.2816-0.2821	Netherlands	4.70-4.75
Luxembourg Fr.	72.60-72.85	38.59-38.61	Norway	11.01-11.11
Malaysia Dollar	4.2525-4.2625	2.2480-2.2530	Portugal	129-134
New Zealand Dlr.	2.2985-2.3005	1.2150-1.2160	Spain	183-193
Saudi Arab. Riyal	6.44-6.50	3.4180-3.4220	Sweden	10.49-10.59
Singapore Dollar	3.8725-3.8825	2.0500-2.0550	Switzerland	3.41-3.45
Sth. African Rand	1.8155-1.8185	0.9605-0.9625	United States	1.88½-1.90½
U.A.E. Dirham	6.92-6.98	3.6700-3.6750	Yugoslavia	88-93

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 18,962-18,982 and for the dollar 10,000-10,050.

EXCHANGE CROSS RATES

Dec. 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.890	4.300	416.5	10.875	3.430	4.725	2288.	2.230	72.73
U.S. Dollar	0.529	1.	2.275	220.4	5.754	1.815	2.500	1210.	1.180	38.48
Deutschemark	0.233	0.440	1.	96.86	2.529	0.798	1.099	532.0	0.518	16.91
Japanese Yen 1,000	2.401	4.538	10.32	1000.	26.11	8.235	11.34	5492.	5.353	174.6
French Franc 10	0.920	1.738	3.954	383.0	10.	3.154	4.345	2103.	2.050	66.87
Swiss Franc	0.292	0.551	1.254	121.4	3.171	1.	1.378	666.9	0.650	21.20
Dutch Guilder	0.212	0.400	0.910	88.15	2.302	0.726	1.	484.1	0.472	15.31
Italian Lira 1,000	0.437	0.826	1.880	182.1	4.754	1.499	2.066	1000.	0.975	31.79
Canadian Dollar	0.449	0.848	1.929	186.8	4.878	1.539	2.119	1026.	1.	32.62
Belgian Franc 100	1.375	2.599	5.913	572.7	14.95	4.716	6.497	3145.	3.066	100.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 24)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 1/4	offer 14 3/8	bid 15 1/8	offer 15 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Dec. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¼-15	12¼-13	15-16	10½-10⅝	3½-4	10½-10⅝	15-15½	17-20	17½-32	5½-6½
7 days' notice	15½-15¾	14¼-14½	15-18	10⅝-10⅞	23-25	13¾-14	15-15½	20½-24	29-35	6⅝-6⅞
Month	15⅛-15⅜	13¾-14	15⅞-16⅛	11⅛-11¼	10⅞-10⅝	11⅝-11¾	15⅝-16	21¾-23½	26-32¼	6¾-7
Three months	15⅛-15⅜	14⅛-14⅜	16⅛-16⅜	11⅛-11⅜	10⅛-10¼	11⅛-11⅜	17-17⅝	23½-24½	22⅞-25⅝	6⅞-7⅛
Six months	15⅞-16⅛	15-15¼	16⅞-17⅛	11¼-11⅜	9⅝-9⅞	11⅛-11⅜	18½-18⅞	24-25	21⅛-24⅛	7⅛-7⅜
One Year	15⅝-15⅞	14¾-15	16⅞-17⅛	11¼-11⅜	8⅞-9	10⅞-10⅞	18¾-19⅛	24-25	18½-21½	7-7¼

SDR linked deposits: one-month 12¹³⁄₁₆-13⅛ per cent; three months 13⅛-13½ per cent; six months 13⅝-14 per cent; one-year 13½-13⅞ per cent.
ECU linked deposits: one-month 14⅝-15 per cent; three months 14¹⁵⁄₁₆-15⁵⁄₁₆ per cent; six months 15⅛-15½ per cent; one-year 14⅝-15 per cent.
Asian $ (closing rates in Singapore): one-month 13¹³⁄₁₆-13¹⁵⁄₁₆ per cent; three months 14⅛-14¼ per cent; six months 15⅛-15¼ per cent; one-year 14¹³⁄₁₆-14¹⁵⁄₁₆ per cent. Long-term Eurodollar two years 15⅛-15⅜ per cent; three years 15¼-15½ per cent; four years 15⅜-15⅝ per cent; five years 15⅜-15⅝ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.40-13.50 per cent; three months 13.70-13.80 per cent; six months 14.65-14.75 per cent; one-year 14.50-14.70.

MONEY RATES

NEW YORK

Prime rate	15¾
Fed funds	13-13½
Treasury bills (13-week)	11.275
Treasury bills (26-week)	12.26

GERMANY

Special Lombard	10.50
Overnight rate	10.56
One month	12.0
Three months	11.10
Six months	10.70

FRANCE

Intervention rate	15.0
Overnight rate	15.375
One month	15.1875
Three months	15.1875
Six months	15.25

JAPAN

Discount rate	5.5
Call (unconditional)	6.46675
Bill discount (three-month)	6.75

LONDON MONEY RATES

Dec. 24 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13¾-15½	14¾-15	—	—	14¾	12-14	—	—	—
2 days notice	—	—	15⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅝-15	15¼	—	—	15-16¼	14¼-14⅝	—	—	—
One month	15⅛-15⅜	15⅛-15⅜	15¼	16⅛-16¼	15⅛	15	14⅞-14⅞	14⅛	14¼	15¾
Two months	15⅛-15⅜	15⅛-15⅜	—	16⅛-16⅜	15⅞	16¼	14⅞	14⅝-14¾	14½	15¾
Three months	15⅛-15⅜	15⅛-15⅜	15¾	16⅛-16⅜	16	16⅛	14⅛	14⅞	16	15¾
Six months	15⅞-15¾	15⅞-16	15¾	16⅛-15¾	16	—	—	—	14⅞-14⅞	15¼
Nine months	15¾-15⅞	15⅞-15⅞	—	16-15⅞	15⅞	—	—	—	—	—
One year	15⅝-15⅞	16⅛-15¾	15⅞	16⅛-16⅛	15⅞	—	—	—	—	—
Two years	—	—	15⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15½ per cent; four years 15½ per cent; five years 15½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅛ per cent; four months trade bills 15⅝ per cent.

Approximate selling rate for one-month Treasury bills 14⅛ per cent; two months 14⅛-14½ per cent; three months 14⅝ per cent. Approximate selling rate for one-month bank bills 14⅝-14¹³⁄₁₆ per cent; two months 14¹³⁄₁₆ per cent; and three months 14⅞-14¹⁵⁄₁₆ per cent; one-month trade bills 15½ per cent; two months 15⅝ per cent; three months 15⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from December 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 12⅛-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.8206.

LONDON STOCK EXCHANGE

Secondary Stores attract small interest after bid for Grant Bros.

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Dec 7	Dec 17	Dec 22	Jan 4
Dec 23	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Seasonal influences held sway in the shortened Christmas Eve trading so signs of economic recovery shown in November's trade figures, announced on Wednesday, were given short shrift in London stock markets. The market's main indices edged higher, the FT Industrial Ordinary share index closing 0.4 better at 518.1.

Short-dated British Funds drew light support following a slight easing in UK money market rates yesterday, but longer-dated stocks were virtually unmoved. This week's higher Treasury bill rate made no impact and the shorts finally displayed gains ranging from 1/16 to ⅛. Treasury 8¼ per cent 1984/86 rose the latter amount to 80⅞.

Equities were featured by the current speculative favourites and the re-emergence of some secondary Stores, the latter following the early announcement that the long-awaited bid—190p cash per share—had arrived for **Grant Bros** which touched 187p before running into profit-taking and closing only a penny up at 180p.

Elsewhere, **British Aerospace** put on a couple of pence on the prestigious £150m sattelite contract and helped sentiment in leading Electricals.

The short session in Traded options resulted in 280 deals being completed, comprising 194 calls and 86 puts. The week's daily average amounted to 596.

Cautious comment on the recent spate of speculative activity which has seen **Bank of Scotland** advance from 453p at the beginning of the month to a 1981 peak of 548p by last Wednesday's close, prompted profit-taking which left a close of 530p, down 18. **Royal Bank of Scotland**, 195p, gave up 2 of the previous day's rise of 13 which stemmed from revived hopes that the Monopolies Commission will allow the rival bids from **Hong Kong and Shanghai and Standard Chartered** to proceed; Standard improved 7 to 660p and HK & S closed unaltered at 133p. **Guinness Peat** cheapened 2 to 90p awaiting news of the talks taking place between Lord Kissin and Mr Edmund Dell aimed at trying to resolve their differences.

Croda International eased 3 to 75p in the absence of fresh bid developments; the company is currently in receipt of a 70p per share cash offer from Burmah Oil.

An uneventful session in Stores was enlivened by the expected bid for **Grant Bros** which advanced to 187p at the outset, 3 below the cash offer terms from Jadepoint; the shares turned easier later and closed only a net penny to the good at 180p. **Owen Owen**, which holds over 14 per cent of Grant, spurted 10 to 218p, while another takeover favourite, **Elys (Wimbledon)**, in which Owen Owen holds a near-30 per cent stake, closed 5 up at 290p. **Heal and Son** rose 2 points to £21½ following the announcement that Colonial Mutual Life Assurance now controls around 25 per cent of the equity.

Leading Electricals were inclined harder in places. **Racal**, interim results due on January 13, gained 5 to 430p, while **GEC** hardened a few pence to 817p. Still drawing strength from the recent good results and proposed 10 per cent scrip-issue, **United Scientific** advanced 22 more to 587p.

Apart from **GKN**, which drifted off a couple of pence more to 160p, the Engineering leaders were rarely altered.

Huntley and Palmer, at 94p, relinquished a penny of last Wednesday's jump of 9 that followed **Rowntree Mackintosh's** successful dawn raid in which the latter increased its stake in H and P to 23½ per cent by purchasing 3.56m shares at approximately 95p per share; **Rowntree**, which dipped 6 to 154p following the dawn raid, rallied 2 to 156p. Elsewhere in the Food sector, **Bishop's Group A** put on 10 to 96p in a thin market, but **Cullen's A**, a rising market recently on speculative interest, shed that much, to 202p. The appearance of a few buyers lifted **Squirrel Horn** 5 to 41p.

Still reflecting bid speculation, **Royal Worcester** gained 5 more to 190p. **British Aerospace** improved 3 to 201p on news of the promising £150m satellite contract, while **Thomas Tilling** put on 4 to 151p on relief that the company is now out of the Beree bid battle.

Among otherwise idle Motor sectors, **Group Lotus** shed a couple of pence to 21p following the sharply reduced first-half earnings. Dealings in Nelson David were suspended at 8½p pending clarification of the company's position.

Brunning continued to make spectacular progress on speculative support and jumped 11 for a two-day gain of 24 at 89p: the Restricted voting rose 7 to 79p.

Among the occasional movements in Properties, **Clarke Nickolls** put on 2 for a two-day gain of 5 to 112p on speculative interest.

Oil shares continued on a slightly easier bias, minor losses being recorded in **British Petroleum**, 310p, and **Shell**, 392p. In the more speculative issues, **International Petroleum** gave up 10 to 170p.

Mining markets ended the shortened Christmas week on a firm note, helped by the steadier performance of the bullion price. The latter traded around and ended at $404 an ounce compared with the overnight $401.50. The Gold Mines index, down 23.6 over the previous three days, recouped 4.3 to 318.7.

Prominent among the heavyweights were **Vaal Reefs**, £36, and **Kloof**, £16½, both ½ up. **Randfontein** rose ⅜ to £32 on further consideration of the final dividend.

The oil and gas issues were highlighted by renewed speculative buying of **Claremont Petroleum** which advanced 6 more to 83p — a two-day gain of 13 — on rumours that a major oil company may take a stake in the company.

FINANCIAL TIMES STOCK INDICES

	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 18	Dec. 17	A year ago
Government Secs.	62.06	62.03	61.99	61.89	62.06	62.56	69.06
Fixed Interest	63.08	63.08	63.05	62.92	63.05	63.28	70.75
Industrial Ord.	518.7	517.7	518.8	520.7	521.3	518.7	466.9
Gold Mines	318.7	314.4	322.2	332.9	338.0	334.5	441.3
Ord. Div. Yield	5.78	5.79	5.79	5.78	5.78	5.80	7.62
Earnings, Yld. % (full)	10.16	10.16	10.14	10.12	10.12	10.11	17.06
P/E Ratio (net) (*)	12.58	12.57	12.60	12.62	12.62	12.50	7.18
Total bargains	9,301	12,720	14,552	14,417	12,403	13,669	6,971
Equity turnover £m.	—	79.98	149.77	108.81	126.42	115.17	40.97
Equity bargains	—	9,258	13,162	11,715	10,947	12,070	4,730

10 am 518.4. 11 am 518.1. Noon 518.1. 1 pm —
2 pm —. 3 pm —.
Latest Index 01-246 8026.
*Nil=11.23.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 23	Dec. 22
—Daily Gilt Edged Bargains	89.0	123.3
Equities Bargains	60.0	85.3
Value	161.7	302.7
5-day Avrge. Gilt-Edged Bargains	120.5	129.0
Equities Bargains	74.1	75.5
Value	234.9	246.0

BASE LENDING RATES

A.B.N. Bank 14½%
Allied Irish Bank 14½%
American Express Bk. 14½%
Amro Bank 14½%
Henry Ansbacher 14½%
Arbuthnot Latham ... 14½%
Associates Cap. Corp. 15 %
Banco de Bilbao 14½%
BCCI 14½%
Bank Hapoalim BM ... 14½%
Bank of Cyprus 14½%
Bank Street Sec. Ltd.... 16 %
Bank of N.S.W. 14½%
Banque Belge Ltd. 14½%
Banque du Rhone et de la Tamise S.A. ...... 15 %
Barclays Bank 14½%
■ Beneficial Trust Ltd. ... 15½%
Bremar Holdings Ltd. 15½%
Bristol & West Invest. 16 %
Brit. Bank of Mid. East 14½%
■ Brown Shipley .... 15 %
Canada Perm't Trust... 15 %
Cavendish G'ty T'st Ltd. 15½%
Cayzer Ltd. .... 15 %
Cedar Holdings .... 15 %
■ Charterhouse Japhet... 15 %
Choulartons 15½%
Citibank Savings ......¶15 %
Clydesdale Bank 14½%
C. E. Coates .... 15 %
Consolidated Credits ... 15 %
Co-operative Bank *14½%
Corinthian Secs. 14½%
The Cyprus Popular Bk. 14½%
Duncan Lawrie 14½%
Eagil Trust 14½%
E.T. Trust .... 15 %
First Nat. Fin. Corp.... 17 %
First Nat. Secs. Ltd. ... 17 %
Robert Fraser .... 15 %
Grindlays Bank ....‡14½%
■ Guinness Mahon 14½%
■ Hambros Bank 14½%
Heritable & Gen. Trust 14½%
■ Hill Samuel ....§14½%
C. Hoare & Co. ....†14½%
Hongkong & Shanghai 14½%
Knowsley & Co. Ltd.... 15 %
Lloyds Bank 14½%
Mallinhall Limited ... 14½%
Edward Manson & Co. 15½%
Midland Bank 14½%
■ Samuel Montagu 14½%
■ Morgan Grenfell 14½%
National Westminster 14½%
Norwich General Trust 14½%
P. S. Refson & Co. ... 14½%
Roxburghe Guarantee . 15 %
E. S. Schwab 14½%
Slavenburg's Bank ... 14½%
Standard Chartered ...‖14½%
Trade Dev. Bank 14½%
Trustee Savings Bank 14½%
TCB Ltd. 14½%
United Bank of Kuwait 14½%
Whiteaway Laidlaw ... 15 %
Williams & Glyn's ... 14½%
Wintrust Secs. Ltd. ... 14½%
Yorkshire Bank 14½

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 months 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13% and over £50,000 13¼%.
‡ Call deposits £1,000 and over 12¼%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. or amount	Times covered	Gross yield	P.E. ratio
§60	F.P.	8/1	84	80	✠A & G Sec. Elecs. 5p	83	......	b2.75	2.3	3.0	20.7
—	F.P.	4/12	850	775	✠Asprey	825	+25	35.0	3.3	6.1	6.0
100	F.P.	—	97	96	Baillie Gifford J'n Tst	97	......	—	—	—	—
§35	F.P.	—	35	32	✠Crty Site	33	......	b0.5	1.2	2.2	54.8
225	F.P.	5/2	240	233	Comp. & Systs. Eng 20p	232	......	b3.15	3.8	1.9	15.0
82	F.P.	22/1	86	83	Cussins Prop.	84	......	b4.9	2.6	8.3	6.2
80	F.P.	15/1	84	81	✠Equipu	83	......	bd5.1	2.1	5.3	12.8
—	F.P.	—	10	9	F & C Enter. Warrants	9	......	—	—	—	—
61	F.P.	22/1	63	62	✠Good Relations Grp	62	......	b2.5	2.0	5.8	12.3
§50	F.P.	9/12	50	39	✠Gr'nw'h Cable & Cm.	39	......	—	—	—	—
100	F.P.	22/1	109	101	✠Hardanger Prop.	101	......	bd9.8	2.2	13.9	4.7
150	F.P.	4/1	165	157	✠Hayters	157	−1	b10.5	1.8	9.6	7.3
100	F.P.	8/1	104	100	New Australia Inv. 50p	103	......	—	—	—	—
US$5.90	F.P.	—	305	283	Newmarket (1981)	283•	......	—	—	—	—
US$4.25	F.P.	—	205	145	✠Nimslo Int. 20c	155	......	—	—	—	—
§5	F.P.	—	9	4½	Peak Hldgs	7½	......	—	—	—	6.1
—	F.P.	—	14½	8	Sampang (Java) 2½p	13	......	—	—	—	—
—	50p	—	82	70	✠Saxon Oil	70	......	—	—	—	—
§67	F.P.	18/12	70	68	✠Sheldon Jones	69	......	u3.5	2.4	7.2	7.8
115	F.P.	—	120	118	Speyhawk	119	......	bd7.0	2.6	8.4	5.4
†	F.P.	31/12	33	31	✠Television South 10p	33	......	—	—	—	—
—	F.P.	—	5	4	Viners 1p	4	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
97.48	£25	—	26⅛	23¼	Caisse Nat. Des Auto. 16% Gtd. Ln. 2006	24	......
100	F.P.	25/2	103	102	Essex Water 10% Red. Prf. 1986	102	......
‖	Nil	—	7pm	4pm	Haslemere Est 9pc. Conv Uns Ln. 2001/06	4pm	......
‡‡	F.P.	—	155p	135p	McLeod Russel 8.4% Cnv. Red. Cum. Prf	146p	......
§100	F.P.	—	100½	99	Nat'wide Bdg. Society 15⅜% Bds (24/11/82)	99	......
§100	F.P.	—	100	99¼	Do. 15¼% Bds. (13/12/82)	99¼	......
69	F.P.	—	78	64	Pennine Comm. 12pc. Conv. Uns. Ln. 1991	68	......
70	F.P.	—	73	54	Do. 15½ pc. Uns. 1986	70	......
100	Nil	—	1¼pm	¾pm	Telfos 12% Cnv. 1991	1pm	......
—	F.P.	—	135	115	Viners 10% Cnv. Loan 1988	116xd	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	■	1981 High	1981 Low	Stock	Closing price p	+ or −
7½	Nil	31/12	29/1	1pm	¾pm	Abwood Mach.	¾pm	......
142	F.P.	29/12	29/1	158	155	Brown (M)	157	......
2.5A$	Nil	—	—	92pm	60pm	C S R	78pm	......
162	F.P.	23/12	21/1	183	172	Great Portland Estates	174	......
44	Nil	—	—	6pm	6pm	Lennons Grp	6pm	......
7½	F.P.	18/12	15/1	9½	7¾	Raglan Prop.	9¼	......
90	Nil	—	—	10pm	7pm	Rea Brothers	10pm	......
50	F.P.	17/12	21/1	54	50	Strong & Fisher	54	......
25	Nil	—	—	4pm	1pm	Telfos	1pm	......
05 cts	Nil	10/12	28/1	117pm	109pm	T N T	114pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. *m* Interim since increased or resumed. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

LONDON TRADED OPTIONS

Dec. 24. Total Contracts 280. Calls 194. Puts 86.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	280	36	25	46	—	—	—	312p
BP (c)	320	9	30	—	—	—	—	"
BP (p)	300	6	10	18	—	24	—	"
BP (p)	320	15	10	—	—	—	—	"
BP (p)	350	40	10	—	—	—	—	"
Cons. Gld (c)	500	15	—	38	—	57	1	494p
Ctlds. (c)	80	2½	—	4½	11	7½	—	74p
GEC (c)	750	74	1	97	—	124	—	819p
GEC (c)	800	32	26	55	4	82	—	"
GEC (c)	850	9	47	28	—	52	—	"
GEC (p)	800	14	—	27	—	16	1	"
Gr'd Met. (p)	180	5	—	12	40	60	—	186p
ICI (c)	240	42	12	52	—	38	—	280p
ICI (c)	280	10	6	26	—	17	—	"
Land Sec. (c)	330	—	—	10	5	—	—	297p
Shell (c)	390	15	1	34	—	46	—	392p
		February		May		August		
Lonrho (c)	70	7½	3	10	—	12	—	74p
Lonrho (c)	80	3	—	6	3	8	—	"
Lonrho (c)	90	1½	2	3	—	4	—	"
Lonrho (p)	70	4	—	6	10	9	—	"
Lonrho (p)	80	9	—	11	6	15	—	"
P & O (c)	100	27	—	31	4	—	—	126p
Racal (c)	420	32	2	47	—	60	—	430p
RTZ (c)	500	5	—	12	1	—	—	450p
Vaal Rfs (c)	60	100	10	104	—	130	—	$69

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$400	12	18 A	—	—	1	47 A	$398
GOLD C	$425	34	8	15	21 A	3	35 A	"
GOLD C	$450	3	3	12	14 A	—	—	"
GOLD P	$375	29	5 B	—	—	—	—	"
GOLD P	$400	7	14 B	2	19.50	—	—	"
GOLD P	$425	6	30	5	34 B	—	—	"
GOLD P	$450	6	52 B	—	—	—	—	"
GOLD P	$475	2	77 B	—	—	—	—	"
12 NL 81 85-88 C	F.102.50	—	—	—	—	50	2	F.102.30
10¾ NL 80 85-95 C	F.95	—	—	50	3.20	—	—	F.95.50
		Jan.		April		July		
ABN C	F.230	—	—	1	1.90	—	—	F.282
AKZO C	F.20	—	—	2	4	—	—	F.22.70
AKZO C	F.25	—	—	20	1	10	1.60	"
AKZO P	F.22.50	10	0.30	5	1.10	10	1.40	"
AKZO P	F.25	3	2.60 A	—	—	—	—	"
HEIN C	F.45	—	—	1	4.50	—	—	F.48
HEIN C	F.50	35	0.50	12	1.90	8	2.60	"
HEIN C	F.55	—	—	6	1.10	—	—	"
HEIN P	F.45	—	—	11	1.50	—	—	"
HOOG C	F.15	—	—	20	2 B	—	—	F.15.50
HOOG P	F.15	—	—	20	0.70	—	—	"
IBM C	$60	—	—	1	1⅞	—	—	$56⅞
KLM C	F.90	30	7.50 A	—	—	—	—	F.96
KLM C	F.100	13	1.70	31	8	—	—	"
KLM C	F.110	115	0.30	48	4.20	—	—	"
KLM P	F.80	112	0.10	—	—	—	—	"
KLM P	F.90	130	0.80	60	2.30	9	5.50	"
KLM P	F.100	9	6.50	—	—	—	—	"
NEDL C	F.130	—	—	10	15.80	—	—	F.139.50
NEDL C	F.140	11	2.80	—	—	1	10	"
NEDL C	F.150	41	0.40	30	4 B	—	—	"
NEDL P	F.130	55	0.20	35	1.30	—	—	"
NEDL P	F.140	4	1.50	15	4.50	1	10	"
PHIL C	F.17.50	—	—	3	3.10	—	—	F.20
PHIL C	F.20	85	0.50	17	1.50	220	1.90	"
PHIL C	F22.50	—	—	17	0.60	25	0.90	"
PHIL C	F.25	—	—	10	0.30	—	—	"
PHIL P	F.17.50	100	0.10	—	—	—	—	"
PHIL P	F.20	164	0.60	40	0.90 B	5	1.10	"
PHIL P	Fr.22.50	—	—	5	3.0A	—	3.30	"
PHIL P	F.25	10	5.10	—	—	—	—	"
RD C	F.80	16	6.50	5	9.0	—	—	F.85.90
RD C	F.90	45	0.70	26	4.70B	5	—	"
RD C	F.100	4	0.10	20	1.80	—	6	"
RD P	F.80	30	0.30	104	1.50	—	—	"
RD P	F.90	10	4.80B	26	6.20	—	—	"
UNIL P	F.140	—	—	55	1.70	—	—	F.149.60
UNIL P	F.150	2	1.20	7	5.70	—	—	"

TOTAL VOLUME IN CONTRACTS: 2239

A=Asked B=Bid C=Call P=Put

ACTIVE STOCKS

Above average activity was noted in the following stocks on Thursday Dec. 24.

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bank of Scotland	530	−18	Grant Brothers	180	+ 1
Brunning	89	+11	Owen Owen	218	+10
Claremont	83	+ 6	Royal Bnk of Scotland	195	− 2
FNFC	35½	—	Squirrel Horn	41	+ 5

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change	Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change
Ryl Bk of Scot	13	197	+13	Hntly & Palmer	9	95	+ 9
Bank of Scot	12	548	+23	Royal Ins.	9	332	+ 5
Trafalgar Hse	12	103xd	+ 1	United Engin.	9	255	+12
Euro. Ferries	11	72	+ 3½	Blue Circle	8	490	+ 6
GEC	11	814	+ 2	Cable & Wire	8	211	+ 1
Hanson Trust	10	297xd	+ 6	FNFC	8	35½	+ 1
RTZ	10	445	—	Lonrho	8	73	− 1

BBC starts seven series

THE BBC will televise seven new series of children's programmes from the first week of the New Year. The drama season is led by Grange Hill, with a completely new first year cast of 23 children, and by E. Nesbitt's The Story of the Treasure Seekers.

Tony Hart returns with Morph and the Tin Pots in a series of Take Hart. Johnny Ball entertains on Think Again! For younger viewers there is a series of Playhouse drama productions. The adventures of Tom Sawyer and Huckleberry Finn are dramatised in a 26-part series called Huckleberry Finn and His Friends. A series of Spine Chillers returns, with adult comedy.

The fifth series featuring Grange Hill, a comprehensive school, begins on BBC 1 on January 5. It welcomes six new principal characters, including Roland Browning, played by Erkan Mustapha, an overweight, introverted 11-year-old reluctant to enrol for fear of being teased about his size.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 24 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Afghanistan	Afghani	99.0
Albania	Lek	10.07
Algeria	Dinar	7.9145
Andorra	French Franc / Spanish Peseta	10.875 / 183.925
Angola	Kwanza	(CM) 62.936 / (T) 65.139
Antigua (S)	E. Caribbean $	5.10
Argentina	Ar. Peso	(cm) 13 716.0 / (fn) 18 972.0
Australia (S)	Australian $	1.6786
Austria	Schilling	30.15
Azores	Portugu'se Escudo	123.80
Bahamas (S)	Ba. Dollar	1.8900
Bahrain (S)	Dinar	0.713
Balearic Isles	Spa. Peseta	183.925
Bangladesh (S)	Taka	36.95
Barbados (S)	Babados $	3.7800
Belgium	B. Franc	(cm) 72.725 / (fn) 80.25
Belize	B $	3.7800
Benin	C.F.A. Franc	543.75
Bermuda (S)	Bda $	1.8900
Bhutan	Indian Rupee	17.21
Bolivia	Bolivian Peso	46.75
Botswana (S)	Pula	1.6690
Brazil	Cruzeiro ‡	241.25
Brit. Virgin Isles (S)	U.S. $	1.8900
Brunei (S)	Brunei $	3.8775
Bulgaria	Lev	1.7725
Burma	Kyat	12.20
Burundi	Burundi Franc	168.68
Cameroon Republic	C.F.A. Franc	543.75
Canada	Canadian $	2.2295
Canary Islands	Spanish Peseta	183.925
Cape Verde Isle.	Cape V. Escudo	69.00
Cayman Islands (S)	Cay. Is. $	1.5750
Cent. Af. Repub.	C.F.A. Franc	543.75
Chad	C.F.A. Franc	534.75
Chile	C. Peso	(Bk) 73.80
China	Renminbi Yuan	3.2965
Colombia	C. Peso	(F) 111.01
Comoro Islands	C.F.A. Franc	543.75
Congo (Brazaville)	C.F.A. Franc	543.75
Costa Rica	Colon	37.85
Cuba	Cuban Peso	1.5140
Cyprus (S)	Cyprus £	0.882
Czechoslovakia	Koruna	(com) 11.00 / n/c 19.16 / (T) 18.55
Denmark	Danish Krone	13.975
Djibouti	Fr.	300 (sg)
Dominica (S)	E. Caribbean $	5.10
Dominican Repub.	Dominican Peso	1.8900
Ecuador	Sucre	(O) 47.81 / (F) 61.88
Egypt	Egyptian £	(U) 1.565
Equatorial Guinea	Ekuele	367.85
Ethiopia	Ethiopian Birr	(P) 3.8600
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.975
Fiji Islands	Fiji $	1.6615
Finland	Markka	8.2945
France	French Franc	10.875
French C'ty in Af*	C.F.A. Franc	543.75
French Guiana	Local Franc	10.875
French Pacific Is.	C.F.P. Franc	190 (sg)
Gabon	C.F.A. Franc	543.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.30
Germany (West)	Deutsche Mark	4.30
Ghana (S)	Cedi	5.17
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	108.2065

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Greenland	Danish Kroner	13.975
Grenada (S)	E. Caribbean $	5.10
Guadaloupe	Local Franc	10.875
Guam	U.S. $	1.8900
Guatemala	Quetzal	1.8900
Guinea Republic	Syli	40.15
Guinea Bissau	Peso	71.60
Guyana (S)	Guyanese $	5.67
Haiti	Gourd	9.45
Honduras Repub.	Lempira	3.80
Hong Kong (S)	H.K. $	10.7275
Hungary	Forint	65.0355‡‡
Iceland (S)	I. Krona	15.483
India (S)	Ind. Rupee	17.21
Indonesia	Rupiah	1,190.7
Iran	Rial	150.40(sg)
Iraq	Iraq Dinar	0.55625
Irish Republic (K)	Irish £	1.2085
Israel	Shekel	29.65
Italy	Lira	2,287.5
Ivory Coast	C.F.A. Franc	543.75
Jamaica (S)	Jamaica Dollar	3.3705
Japan	Yen	416.50
Jordan (S)	Jordan Dinar	0.636
Kampuchea	Riel	2,268.0
Kenya (S)	Kenya Shilling	19.32
Kiribati	Australian $	1.6785
Korea (Nth)	Won	1.76(‖)
Korea (Sth)	Won	1,325.32
Kuwait	Kuwait Dinar	0.533
Laos	New Kip	18.90
Lebanon	Lebanese £	8.8555
Lesotho	Loti	1.8170
Liberia	Liberian $	1.8900
Libya	Libyan Dinar	0.5595
Liechtenstein	Swiss Franc	3.43
Luxembourg	Lux Franc	72.725
Macao	Pataca	11.00
Madeira	Portug'se Escudo	123.80
Malagasy Republic	MG Franc	543.75
Malawi (S)	Kwacha	1.7190
Malaysia (S)	Ringgit	4.2575
Maldive Islands (S)	Mal Rupee	7.4275
Mali Republic	Mali Franc	1,087.5
Malta (S)	Maltese £	0.737
Martinique	Local Franc	10.875
Mauritania	Ouguiya	108.70
Mauritius (S)	M. Rupee	19.58
Mexico	Mexican Peso	49.51
Miquelon	C.F.A. Franc	543.75
Monaco	French Franc	10.875
Mongolia	Tugrik	(o) 5.85(‖)
Montserrat	E. Caribbean $	5.10
Morocco	Dirham	9.93(sg)
Mozambique	Metical	56.25
Nauru	Australian Dollar	1.6785
Nepal	Nepalese Rupee	24.85
Netherlands	Guilder	4.725
Netherland Antilles	Antillian Guilder	3.3850
New Zealand (S)	N. Z. Dollar	2.2995
Nicaragua	Cordoba	18.925
Niger Republic	C. F. A. Franc	543.75
Nigeria (S)	Naira	1.205446(sg)
Norway	Norway Krone	11.06
Oman Sul'ate of (S)	Rial Omani	0.653
Pakistan	Pakistan Rupee	18.70
Panama	Balboa	1.8900
Papua N. Guinea (S)	Kina	1.2850
Paraguay	Guarani	(O) 238.45 / (F) 328.35

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Peru	Sol	exe (A) 920.89
Philippines	Philippine Peso	15.23
Pitcairn Islands (S)	£ Sterling / New Zealand $	— / 2.2995
Poland	Zloty	(Cm) 66.96 / (T) 66.96
Portugal	Portugu'se Escudo	123.80
Puerto Rico	U.S. $	1.8900
Qatar (S)	Qatar Ryal	6.89
Reunion Ile de la	French Franc	10.875
Romania	Leu	(Cm) 8.13 / (n/c) 20.01
Rwanda	Rwanda Franc	178.79
St. Christopher (S)	E. Caribbean $	5.10
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	5.10
St. Pierre	Local Franc	10.875
S. Vincent (S)	E. Caribbean $	5.10
Salvador El	Colon	4.73
Samoa American	U.S. $	1.8900
San Marino	Italian Lira	2,287.5
Sao Tome & Prin.	Dobra	73.60
Saudi Arabia	Ryal	6.47
Senegal	C.F.A. Franc	543.75
Seychelles	S. Rupee	11.70(sg)
Sierra Leone (S)	Leone	2.281038
Singapore (S)	Singapore $	3.8775
Solomon Islands (S)	Solomon Is. $	1.6836
Somali Republic	Somali Shilling (3)	(A) 13.00
Somali Republic	Somali Shilling (4)	23.55
South Africa (S)	Rand	1.8170
South West African Territories (S)	S. A. Rand	1.8170
Spain	Peseta	183.925
Spanish ports in North Africa	Peseta	183.925
Sri Lanka (S)	S. L. Rupee	38.64
Sudan Republic	Sudan £ (u)	1.70
Surinam	S. Guilder	3.3830
Swaziland (S)	Lilangeni	1.8170
Sweden	S. Krona	10.52
Switzerland	Swiss Franc	3.43
Syria	Syria £	(A) 10.0
Taiwan	New Taiwan $	68.05
Tanzania (S)	Tan. Shilling	15.60
Thailand	Baht	43.38
Togo Republic	C.F.A. Franc	543.75
Tonga Islands (S)	Pa'anga	1.6785
Trinidad (S)	Trinidad & Tob. $	4.5560
Tunisia	Tunisian Dinar	0.962(sg)
Turkey	Turkish Lira	246.56
Turks & Caicos	U.S. $	1.8900
Tuvalu	Australian $	1.6785
Uganda (S)	Uganda Shilling	160.0
United States	U.S. Dollar	1.8900
Uruguay	Uruguay Peso	(cm) 21.82 / (fn) 21.80
Utd. Arab Emirates	U.A.E. Dirham	6.95
U.S.S.R.	Rouble	1.3570
Upper Volta	C.F.A Franc	543.75
Vanuatu	Vatu / Aust. Dollar	176.05 / 1.6785
Vatican	Italian Lire	2,297.5
Venezuela	Bolivar	8.12
Vietnam	Dong	(O) 4.12 / (T) 4.31(‖)
Virgin Islands U.S.	U.S. Dollar	1.8900
Western Samoa	S. Samoan Tala	2.0550
Yemen (Nth)	Ryal	8.55(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6456
Yugoslavia	New Y Dinar	75.1173
Zaire Republic	Zaire	10.317153
Zambia	Kwacha	1.6705
Zimbabwe	Zimbabwe $	1.3760

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 79.40. **Rate is the transfer market (controlled). ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (3) Parallel exchange rate for essential imports. (4) Exports, non-essential imports and transfers.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service last Thursday attained new Highs and Lows for 1981

NEW HIGHS (8)

CANADIANS (1)
Rio Algom
ELECTRICALS (1)
Utd Scientific
ENGINEERING (1)
Utd Wire
FOODS (1)
Squirrel Horn
INDUSTRIALS (3)
Martin-Black Vinten
Sidlaw Inds.
TEXTILES (1)
Brit. Mohair

NEW LOWS (2)

INDUSTRIALS (2)
Cawdaw Ind. Rock Darham

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	19	3	69
Corpns. Dom. and Foreign Bonds	1	—	71
Industrials	123	79	1,155
Financial & Props.	24	38	448
Oils	8	10	89
Plantations	—	—	22
Mines	37	22	109
Others	31	44	79
Totals	243	196	2,042

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec 14	Dec 31	Mar 25	Apr 5
Jan 4	Jan 15	Apr 15	Apr 26
Jan 18	Jan 29	Apr 28	May 10

For rate indications see end of Share Information Service

Money was given for the call in **Royal Bank of Scotland**, **Croda International**, **Belhaven**, **FNFC**, **Woodside** and **Harmony**. A put was done in **Royal Bank of Scotland**, while doubles were taken out in **Courtaulds** and **Royal Bank of Scotland**.

Westminster cuts refuse cost

WESTMINSTER CITY Council has published its first annual report under the Government scheme for ensuring that local authorities give an account of their stewardship to the public. It says that efforts to cut wasteful spending have led to a £500,000 saving on refuse collection.

The main objectives of council policies, it says, are improved housing, in many areas still sub-standard, provide help and support for the elderly, with home helps, day centres and sheltered housing; and for the handicapped; and look after children in need of care.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Thurs Dec 24 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Dec 23 Index No.	Tues Dec 22 Index No.	Mon Dec 21 Index No.	Fri Dec 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	352.25	+0.3	9.90	4.52	12.53	351.36	351.44	351.41	350.92	282.29
2	Building Materials (25)	295.78	+0.1	15.30	5.80	7.47	295.56	296.53	298.45	297.02	238.82
3	Contracting, Construction (28)	526.44	—	17.84	5.36	6.55	526.51	528.28	528.95	528.74	397.24
4	Electricals (30)	1235.57	+0.3	7.43	2.37	17.18	1231.69	1229.37	1226.49	1223.71	939.36
5	Engineering Contractors (9)	480.82	−0.4	13.25	5.88	8.81	482.61	484.20	486.54	485.11	394.81
6	Mechanical Engineering (66)	189.05	+0.5	11.27	5.77	11.30	188.13	188.49	187.90	188.68	170.56
8	Metals and Metal Forming (12)	163.58	−0.3	8.43	7.44	16.04	164.10	164.07	164.70	163.99	134.15
9	Motors (21)	93.30	+0.3	—	7.31	—	93.03	93.21	94.00	94.30	92.14
10	Other Industrial Materials (18)	369.66	+0.5	8.81	6.15	13.89	367.91	367.54	367.11	366.39	0.00
21	CONSUMER GROUP (198)	264.70	—	13.72	6.24	8.95	264.63	265.21	265.26	264.91	234.67
22	Brewers and Distillers (20)	269.62	−0.3	17.33	7.26	6.89	270.52	274.24	266.84	267.76	261.62
25	Food Manufacturing (21)	260.11	—	15.97	6.55	7.53	260.84	260.77	261.53	261.86	289.19
26	Food Retailing (15)	541.28	+0.1	9.81	3.63	12.34	540.94	536.67	541.78	540.65	448.96
27	Health and Household Products (7)	340.21	+0.4	9.19	4.70	12.79	338.87	337.82	338.57	340.87	255.56
29	Leisure (24)	411.40	+0.1	9.93	5.34	12.55	411.04	412.44	415.21	415.54	345.66
32	Newspapers, Publishing (12)	473.55	—	13.02	6.37	11.13	473.55	475.60	479.87	482.86	424.99
33	Packaging and Paper (13)	127.88	—	15.88	8.42	7.51	127.88	126.97	128.07	126.97	113.33
34	Stores (46)	236.36	+0.1	12.26	5.71	10.92	236.04	236.76	238.18	236.72	242.75
35	Textiles (23)	152.05	+0.1	10.52	6.52	12.25	151.88	151.33	152.55	151.09	122.26
36	Tobaccos (3)	255.42	−0.4	22.66	10.21	5.07	256.42	255.52	256.13	254.14	195.18
39	Other Consumer (14)	247.12	—	7.80	7.31	21.23	247.12	248.84	246.43	245.66	0.00
41	OTHER GROUPS (80)	227.01	—	11.24	6.15	11.38	227.03	226.63	226.53	225.89	216.83
42	Chemicals (16)	292.80	−0.1	6.18	6.18	25.33	293.12	293.05	293.43	291.88	292.47
44	Office Equipment (4)	114.68	+0.8	15.94	7.68	7.50	113.77	112.86	112.40	112.84	101.22
45	Shipping and Transport (13)	508.90	+0.1	21.06	7.26	5.65	508.50	503.24	504.84	504.41	538.56
46	Miscellaneous (47)	291.33	−0.1	12.52	5.56	9.73	291.53	291.62	290.85	290.25	261.67
49	INDUSTRIAL GROUP (487)	289.18	+0.1	11.91	5.56	10.39	288.86	289.12	289.13	288.68	249.44
51	Oils (13)	730.08	−0.6	19.50	7.73	5.81	734.15	742.39	748.31	749.10	937.84
59	500 SHARE INDEX	324.94	—	13.26	5.95	9.10	324.96	325.86	325.94	325.98	303.78
61	FINANCIAL GROUP (119)	250.52	—	—	6.08	—	250.52	248.77	250.04	251.75	234.90
62	Banks (6)	276.53	−0.1	32.59	6.83	3.59	276.92	271.61	271.62	275.87	244.46
63	Discount Houses (9)	247.16	—	—	8.96	—	247.16	245.63	247.16	246.37	285.29
64	Hire Purchase (3)	234.94	—	13.24	7.87	10.46	234.94	237.30	237.30	236.75	193.77
65	Insurance (Life) (9)	247.79	—	—	6.46	—	247.79	245.97	247.35	248.40	227.59
66	Insurance (Composite) (10)	153.19	−0.1	—	8.74	—	153.39	152.01	153.49	155.10	140.30
67	Insurance Brokers (8)	410.73	+0.6	11.34	5.93	11.95	408.31	409.73	410.99	414.71	316.03
68	Merchant Banks (12)	152.54	−0.2	—	5.35	—	152.80	152.60	152.13	151.86	140.36
69	Property (50)	451.40	—	4.89	3.24	27.33	451.36	452.34	456.14	456.28	437.41
70	Miscellaneous (12)	173.55	+0.6	17.36	6.07	7.04	172.57	171.98	172.62	172.72	165.59
71	Investment Trusts (110)	284.27	−0.2	—	5.69	—	284.73	285.59	286.36	285.92	282.11
81	Mining Finance (4)	237.49	−0.2	14.51	5.99	8.29	237.99	237.63	241.73	244.99	290.42
91	Overseas Traders (17)	400.68	—	13.15	7.94	9.28	400.55	401.17	403.94	405.64	425.98
99	ALL-SHARE INDEX	307.88	—	—	5.99	—	307.94	308.22	308.77	309.28	280.14

FIXED INTEREST

	PRICE INDICES	Thurs Dec 24	Day's change %	Wed Dec 23	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	105.13	+0.26	104.86	—	10.97
2	5-15 years	98.30	+0.00	98.29	—	13.45
3	Over 15 years	99.33	−0.00	99.33	—	15.25
4	Irredeemables	110.11	—	110.11	—	13.73
5	All Stocks	100.56	+0.08	100.48	—	13.17
6	Debentures & Loans	78.84	—	78.84	—	11.66
7	Preference	61.03	—	61.03	—	7.01

	AVERAGE GROSS REDEMPTION YIELDS		Thurs Dec 24	Wed Dec 23	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.51	13.51	11.91
2		15 years	14.14	14.10	11.91
3		25 years	14.16	14.12	11.98
4	Medium Coupons	5 years	16.35	16.36	13.49
5		15 years	16.09	16.04	13.75
6		25 years	15.44	15.42	13.39
7	High Coupons	5 years	16.20	16.16	13.46
8		15 years	16.28	16.24	13.95
9		25 years	15.69	15.65	13.62
10	Irredeemables†		13.49	13.46	11.56
11	Debs & Loans	5 years	16.86	16.86	14.56
12		15 years	16.63	16.63	14.45
13		25 years	16.48	16.48	14.36
14	Preference†		16.32	16.32	14.64

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	64.0	68.8	-0.3	2.11
Capital	[illegible]	41.8	+0.1	4.10
(Accum. Units)	[illegible]	53.0	+0.3	4.10
General	[illegible]	63.7	+0.1	4.82
Gilt & Fixed Int.	94.3	99.3	+0.3	13.19
Income	[illegible]	99.4		9.44
Worldwide Bond	106.2	112.4	+0.1	5.96
Inv. Tst. Fd.	[illegible]	54.9	-0.1	4.37
Equitas Prog.	82.9	87.4		4.56

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.0	86.3		14.07

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	89.8	96.1	+0.2	5.61
Brit. Inds. Fund	75.5	80.8		6.61
Growth & Income	[illegible]	40.9		4.12
Elect. & Ind. Dev.	[illegible]	49.9		4.81
Allied Capital	97.3	104.1	+0.1	4.79
Hambro Fund	133.4	142.7	+0.2	5.89
Hambro Acc. Fund	195.9	209.4	-0.1	4.77

Income Funds

High Yield Fd.	65.2	69.8		9.11
High Income	81.7	87.4	+0.1	7.32
Equity Income Fd.	47.3	50.6		7.29
Govt. Secs.	22.3	22.9	+0.1	13.59

International Funds

International	36.4	38.9	-0.2	2.37
Japan Fund	29.6	31.7		0.52
Pacific Fund	73.5	78.6		1.05
Secs. Of America	84.6	90.5	-0.2	2.66

Specialist Funds

Smaller Co.'s Fd.	57.0	61.0	+0.1	3.85
2nd Smlr. Co's Fd.	71.2	76.2	+0.2	3.64
Recovery	27.7	29.6		4.76
Met. Min. & Cmdty.	64.2	68.7	+0.2	5.82
Overseas Earnings	77.3	82.6	+0.1	4.36

Exempt Funds

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632

American (z)	[illegible]	38.4	+0.1	1.60
Australian (z)	[illegible]	25.5	-0.1	0.98
Far Eastern Tst. (z)	42.7	45.3		1.22
High Income	[illegible]	[illegible]		12.29
Intl. Trust (z)	[illegible]	[illegible]	-0.1	1.41
Basic Resources Tst.	[illegible]	[illegible]	+0.7	2.73
Incr. Growth Tst.	[illegible]	25.9		8.62
Pref. & Gilt Tst.	[illegible]	30.3		15.76
Smaller Co's Trust	[illegible]	29.92	-0.2	3.63

Chorlerian Fund Managers (g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.9	17.1		3.78
International	[illegible]	49.4	+0.5	1.17
High Income	27.8	30.0	-0.1	11.78

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	74.2	78.3		3.70

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	[illegible]	37.1		13.32
North American	[illegible]	65.7		1.65
Canadian Exempt	[illegible]	[illegible]		3.02
Canadian Trust	[illegible]	60.2		2.99
Mid Mount High Inc.	[illegible]	47.3		10.65
Recovery	[illegible]	57.3		3.63
Gilt Trust	[illegible]	24.1		0.28

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	[illegible]	45.5		0.54
Cres. Internat'l.	[illegible]	95.4		1.56
Cres. High. Dist.	[illegible]	48.3		9.65
Cres. Reserves	[illegible]	54.5		5.50
Cres. Tokyo	[illegible]	44.7		0.28

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.0	28.5		9.05

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Dec. 22	241.0	257.1		5.24

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.7	22.6		7.92
Gt. Winchester O'seas	32.7	35.2		3.55

Equity & Law Un. Tr. M. (a) (b) (c)

[illegible]

L & C Unit Trust Management Ltd.

[illegible]

Legal & General (Unit Tst. Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood

[illegible]

Leonine Administration Ltd.

[illegible]

Lloyds Bk. Unit Tst. Mngrs. Ltd.

[illegible]

Lloyd's Life Unit Tst. Mngrs. Ltd.

[illegible]

Local Authorities' Mutual Invest. Tst.

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98 7/16	91⅞	Treasury 3pc '82‡‡	98 7/16	—	3.05	14.82
107	99¼	Treasury 14pc '82‡‡	99 21/32	—	14.04	15.23
99 11/16	98 7/16	Treas. Variable '82§§	99 17/32	—	15.16	15.64
96 13/16	93 11/16	Treasury 8¼pc '82	96 ⅛xd	—	8.56	15.56
96 3/32	93 11/16	Exch. 9¼pc 1982	95 11/16	—	9.67	15.55
95⅜	92⅞	Exch. 8¾pc 1983	94¼xd	—	9.28	15.07
92¼	84⅞	Exch. 3pc 1983	91	+¼	3.29	11.67
99⅜	95	Treasury 12pc 1983‡‡	96 3/16	—	12.47	15.50
99⅝	96¼	Treas. Variable '83 §§	99½	—	15.19	15.45
94½	90⅛	Treasury 9½pc '83	93xd	+⅛	9.94	15.41
101 13/16	95¼	Exch. 13½pc '83	97	+⅛	13.91	15.33
94½	89¼	Exch. 10pc 1983	92	+⅛	10.86	14.85
88⅜	83½	Funding 5½pc '82-84‡‡	87¾xd	−⅛	6.30	12.71
96¼	90	Exch. 11¼pc 1984	92	+⅛	12.22	15.70
103 3/32	95¼	Exchequer 14pc 1984	96¼	+⅛	14.47	15.66
82⅞	77	Exch. 3pc 1984	81⅛	+¼	3.69	12.06
98⅜	90½	Treasury 12pc 1984	91⅝	+⅛	13.09	15.83
107¼	95⅞	Treasury 15pc 1985	96⅞	—	15.48	16.23
98⅞	88¼	Exch. 12pc Cov. '85	89⅝	+⅛	13.38	16.22
76	71	Treasury 3pc 1985	73⅞	+⅛	4.07	12.83
96 3/16	85¼	Treasury 11½pc 1985	87⅝xd	+⅛	13.12	16.27
98⅛	87⅜	Exch. 12¼pc 1985	89 3/16	+¼	13.76	16.11
97⅛	84¼	Exch. 11¾pc '86	86 3/16	+¼	13.63	16.41
70 13/16	65¾	Treasury 3pc 1986	69¼	+⅛	4.33	12.31
97 13/16	84½	Treasury 12pc '86	87⅛	+⅛	13.77	16.16
88⅛	78½	Treasury 8¼pc '84-86‡‡	80¼xd	+⅛	10.52	14.46
40⅞	36¼	Exch. 14pc 1986(£40pd)	36⅝	+⅛	15.16	16.33

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

CANADIANS—Continued

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
53	32	Acmex 50c	50	......	Q2.5c	—	3.1
41	14	ACM 25c	21	......	—	—	—
21	7	Argosy Gold NL 25c	7	......	—	—	—
229	134	Bond Corp.	152	......	Q10c	2.3	4.1
112	65	Bougainville I Kina	72	......	‡Q25.4c	1.8	‡
302	160	CRA 50c	167	......	Q19c	1.7	6.9
25	9	Canada Northwest	10½	......	—	—	—
35	11	Carr Boyd 20c	16	−1	—	—	—
415	43	Central Pacific	55	−2	—	—	—
35	3	Cons. Gold Min. N.L. 25c	3	......	—	—	—
47	13	Cultus Pacific N.L.	21	......	—	—	—
68	22	Eagle Corp. 10c	25	......	—	—	—
40	18½	Endeavour 20c	23	......	—	—	—
560	310	G. M. Kalgoorlie 25c	330	+5	Q32½c	0.9	5.5
25	6½	Great Eastern	10	......	—	—	—
185	58	Greenbushes Tin 50c	63	......	Q6c	1.9	5.7
275	130	Hampton Areas 10p	150xd	......	2.5	3.1	2.3
168	30	Haoma Gold N.L.	30	......	♦	—	—
85	17	Intl. Mining	20	......	—	—	—
118	24	Jimberlana (50cFP)	30	+2	—	—	—
15	8½	Kalbara Min 20c	9½	......	—	—	—
245	100	Kitchener NL 25c	110	......	—	—	—
105	12	Leichardt Expln.	13	−1	—	—	—
550	275	Meekatharra	520	+5	—	—	—
70	36	Metals Ex. 50c	45	......	Q3c	1.7	4.1
38	16	Metramar Mins. 20cts.	17	......	—	—	—
20	7½	Mid East Mins. NL	8	−½	—	—	—
290	180	M.I.M. Hldgs. 50c	190	......	Q15c	♦	5.0
57	21	Mincorp 20c	33	......	—	—	—
21	7	Minefields Expl. 25c	8½	+½	—	—	—
20	13	Newmetal 20c	13	......	—	—	—
69	27	Nickelore N.L.	32	+2	—	—	—
204	147	North B. Hill 50c	150	......	Q16c	1.8	7.0
84	50	Nth. Kalgurli	69	......	—	—	—
122	19	N. West Mining N.L.	20	−1	♦	—	—
150	106	Oakbridge 50c	123	+3	Q6½c	1.9	3.3
185	85	Otamin N. L.	90	......	—	—	—
188	93	Pacific Copper	95	......	—	—	—
*423	126	Pancont'l 25c	140	......	—	—	—
88	42	Paringa M.&Ex.5p	60	......	♦	—	—
525	305	Peko-Wallsend 50c	320	......	Q15c	—	2.9
43	16	Pelsart Res NL	20	......	—	—	—
237	207	Renison 50c	272	......	—	—	—
372	208	Do. Dfd.	208	......	—	—	—
120	52	Seltrust A	52	......	—	—	—
157	18	Southern Pacific	23	−1	—	—	—
100	40	Swan Resources 20c	40	......	—	—	—
316	68	Vulcan Mins 20c	65	......	—	—	—
18½	7½	West Coast 25c	9½	−2	—	—	—
130	50	Westn. Cent 50c	50	......	—	—	—
335	222	Westn. Mining 50c	265	......	Q14c	1.6	3.5
27	10	Westmex	11	......	—	—	—
76	32	Whim Creek 20c	33	......	—	—	—
101	21	York Resources	22	−1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	7½	Amal Nigeria 1p	7½	......	—	—	—
300	210	Ayer Hitam $M1	255	......	Q135c	0.7	12.6
210	98	Geevor	140	......	—	—	—
12	8	Gold & Base 12½p	11	......	—	—	—
660	470	Gopeng Cons.	590	......	213.0	♦	3.1
450	310	Hongkong	460	......	21.0	♦	7.5
160	110	Idris 10p	155#	......	‡29.0	0.8	‡
*29	10	Jantar 12½p	22	......	2.5	4.0	9.3
150	60	Kamunting $M0.50	120	......	[illegible]	0.8	5.0
665	363	Killinghall $M1	600	......	[illegible]	♦	2.6
114	78	Malaysia Mng. 10c	100	......	[illegible]	♦	6.0
69	30	Pahang	42	......	‡0.65	0.8	‡
290	90	Pengkalen 10p	290	......	7.5	—	1.7
360	290	Petaling $M1	[illegible]	......	[illegible]	♦	4.3
225	185	Sungei Besi $M1	200	......	‡Q310c	1.1	‡
185	90	Supreme Corp. $M1	120	......	[illegible]	♦	3.4
138	100	Tanjong 15p	110	......	3.5	3.7	4.5
90	60	Tongkah H. Tin 15p	65	......	Q25%	1.3	7.4
410	220	Tronoh $M1	260	......	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	325	......	Q60c	♦	10.3

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	21	Anglo-Dominion	25	......	—	—	—
25½	12	Burma Mines 10p	15	......	0.75	0.9	7.1
330	65	Colby Res. Corp.	135	......	—	—	—
330	200	Cons. Murch. 10c	255xd	......	Q60c	♦	12.8
10	5	‡‡Exploura Gold	5	......	—	—	—
98	47	††Hemerdon 10c	65	......	—	—	—
180	65	Highwood Res.	85	......	—	—	—
505	240	Northgate C$1	250	......	—	—	—
633	372	R.T.Z.	403	−2	16.0	2.3	5.2
£138½	£93½	Do. 9½% Cnv. Ln. '95-2000	£99	......	Q9½%	—	f9.9
103	13	††SPO Minerals 10p	22	......	—	—	—
47	17	Sabina Inds. C$1	18	......	—	—	—
44	21	‡Southwest C. 10p	29	−1	—	—	—
650	465	Tara Exptn. $1	515	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex-rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	40	......
Bertrams	16	......
Bdg'wtr. Est. 50p	405	......
Craig & Rose £1	£13	......
Finlay Pkg. 5p	25	......
Graig Ship. £1	£22	+3
Higsons Brew	75	......
Holt (Jos) 25p	520	......
I.O.M. Stm. £1	150	......
Pearce (C. H.)	840	......
Peel Hldgs.	116	......
Sheff. Refrshmt	83	......
Sindall (Wm.)	190	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£93⅞	......
Nat. 9¾% 84/89	£78¼	+⅛
Fin. 13% 97/02	£79⅞	+⅛
Alliance Gas	75	+5
Arnott	230	......
Carroll (P.J.)	81xd	+1
Concrete Prods.	90	......
Heiton (Hldgs.)	27	......
Irish Ropes	36	......
Jacob	63	......
T.M.G.	13	......
Unicare	60	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate	Stock	Rate
Allied-Lyons	6½	House of Fraser	23
BOC Intl.	11	I.C.I.	18
B.S.R.	7½	"Imps"	5
Babcock	9	I.C.L.	5
Barclays Bank	35	Ladbroke	13
Beecham	27	Legal & Gen.	20
Blue Circle	38	Lex Service	9
Boots	18	Lloyds Bank	[illegible]
Bowaters	19	"Lofs"	[illegible]
Brit. Aerospace	37	London Brick	6½
B.A.T.	22	Lucas Inds.	28
Brown (J.)	8	"Mams"	11
Burton Ord.	12	Mks. & Spncr	10
Cadburys	8	Midland Bank	26
Courtaulds	5½	N.E.I.	7
Debenhams	7	Nat. West. Bank	30
Distillers	16	P & O Dfd.	9
Dunlop	6½	Plessey	[illegible]
Eagle Star	25	Racal Elec.	[illegible]
F.N.F.C.	6	R.H.M.	7
Gen. Accident	32	Rank Org. Ord.	[illegible]
Gen. Electric	55	Reed Intnl.	[illegible]
Glaxo	[illegible]	Sears	[illegible]
Grand Met.	15	Tesco	[illegible]
G.U.S. 'A'	56	Thorn EMI	[illegible]
Guardian	30	Trust Houses	[illegible]
G.K.N.	12	Tube Invest.	[illegible]
Hawker Sidd	25	Turner & Newall	7½
		Unilever	53

Stock	Rate
Utd. Drapery	6½
Vickers	15
Woolworths	4½
Property	
Brit. Land	7
Cap. Counties	10
Land Secs.	30
MEPC	20
Peachey	15
Samuel Props.	13
Town & City	2¼
Oils	
Brit. Petroleum	28
Burmah Oil	11
Charterhall	6
KCA	19
Premier	7
Shell	28
Tricentrol	25
Ultramar	40
Mines	
Charter Cons.	21
Cons. Gold	40
Lonrho	7
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Tuesday December 29 1981

U.S. offers new air fares plan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EUROPEAN GOVERNMENTS, including Britain, are studying a U.S. plan to give airlines a substantial new measure of freedom to raise or lower fares on the North Atlantic route without prior Government permission.

If accepted it would do much to ease financial strains on the airlines and, it is hoped, help to reduce their losses, collectively over $650m a year, on the route.

The scheme was proposed by the U.S. Civil Aeronautics Board negotiators at a recent meeting in Paris to consider North Atlantic fares, attended by representatives of over 20 Governments which are members of the European Civil Aviation Conference.

The plan envisages introduction of "bands" of fares for each type of service, with clearly defined limits within which the airlines could raise or lower fares without Government permission according to market conditions.

If conditions were such as to require more drastic fares changes the airlines would have to seek their Governments' approval.

The U.S. offers some inducements to win approval for its scheme. For example, it suggests that if the Europeans accept the scheme the U.S. Civil Aeronautics Board will extend the deadline for implementation of its "Show Cause Order," now set for January 15.

This order, which has caused much concern to the international airline community and especially to members of the International Air Transport Association, requires international airlines to 'show cause" why they should not lose their present immunity from U.S. anti-trust laws because they join together in IATA to fix fares.

The "Show Cause Order" has caused intense anger among the international aviation community. Many foreign Governments have protested to the U.S. about the threat to the air transport system.

It was as a result of this that at President Reagan's instigation the Civil Aeronautics Board deferred implementation of the order from last September to January 15.

The U.S. is now using the bait of a further deferral as a *means of getting European* Governments to agree to its own Atlantic fare fixing plans.

A further complexity is that the member-airlines of IATA are due to meet in Miami on January 12 to consider future Atlantic air fares, with the threat of the January 15 implementation of the Show Cause Order hanging over them.

The U.S. Government is refusing to allow non-IATA airlines to attend the Miami meeting.

There are several of these, including World Aairways of the U.S. and Laker of the UK. Their presence at any meeting designed to find a solution to the Atlantic air fares problem is considered vital by the UK and Western European Governments.

These airlines enjoy no immunity from U.S. anti-trust laws, and so cannot participate in a fares-fixing meeting, especially on U.S. soil, which would be to risk heavy penalties under U.S. law.

The view in the UK and Western Europe is that if the U.S. is serious in seeking a solution to North Atlantic fares problems it could demonstrate this by granting anti-trust immunity to the non-IATA airlines to enable them to attend the Miami meeting.

Also, it is argued in Europe, the U.S. could defer the implementation of the Show Cause Order anyway, at least until much later in the year. This would create an easier climate in which everyone could discuss the situation.

As the matter now stands, European Governments *are not* disposed favourably to consider the U.S. plan for fares "bands" until what they believe to be U.S.-invented threats over the *North Atlantic airlines'* activities are removed.

Perkins and BL in car diesel engine pact

By Hazel Duffy, Industrial Correspondent

BL AND Perkins have signed an agreement for development work on a car diesel engine which could go some way to making up for Britain's slow start in car diesel engine production and consumption.

The agreement, signed a couple of months ago, is revealed in BL's latest corporate plan. It covers development work to be carried out by Land-Rover in conjunction with Perkins on an existing engine—the V8 made by Land-Rover.

If the technical work proceeds satisfactorily, the deci*sion will be taken*, probably in about two years' time, to designate the work as a full engineering project. At that point, it is probable that a move would *be made for the* necessary investment in tooling up for production.

Outlet

Perkins has been enthusiastic about a diesel for car applications for several years *but it needs to ensure that it* has a guaranteed outlet for a large proportion of the engines.

Land-Rover would go some way towards meeting *this* need, but BL and Perkins would have to sell a lot of the engines to other customers, probably abroad.

The British have been reluctant to buy diesel-engined cars, mainly because there is little or no price advantage in diesel fuel.

At the same time, the British automotive industry has dragged its feet on car diesels, BL being preoccupied with the problems of survival, and Ford having shown limited interest, although it is believed to be planning a car diesel plant, probably at Dagenham, Essex.

Impact

The impact on the British diesel engine industry is demonstrated forcibly in a recent survey* of the engine industry worldwide.

In the UK, where diesel penetration in cars was only 0.5 per cent in 1980, total diesel engine production, heavily oriented towards trucks, agricultural and construction outlets, fell 11 per cent between 1978 and 1980.

World car diesel production in 1977 was around 200,000 units. This had grown to more than 1.4m in 1980, accounting for 6 per cent of total car engine production. It is forecast to reach 13 per cent of all car engines produced in 1985.

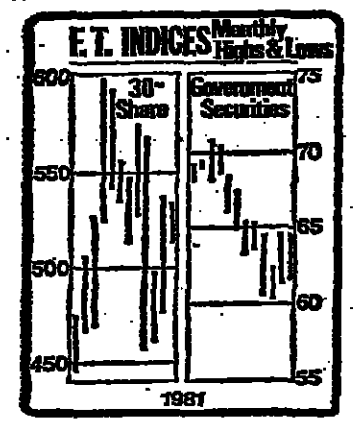
* *World Engine Markets. Planning Research and Systems, 15 King Street, London WC2E 8HN. December 1981.*

THE LEX COLUMN

A year of gloom in gilt-edged

It was the worst year of recession in 50 years; and yet 1981 in the financial markets was a tolerably satisfactory year. As the year nears its close, the All-Share Index is up *by 5½ per cent, while the FT* 30-Share Index has risen by 9 per cent. The picture is, however, less impressive in the fixed-interest markets, where yields have risen by two percentage points at the long end. Clearing bank base rates are only half a point above their end-1980 levels of 14 per cent, but whereas a year ago the expectation was that there would be early reductions, there is at present clear upward pressure in the money markets.

Index rose 0.4 to 518.1



A year ago this column forecast that the UK economy in 1981 would bottom out, probably before the middle of the *year, and that with the tapering* off of destocking the closing months would bring a modest level of recovery. At the same time, quite a sharp rally in company profits was anticipated late in the year with the period of dividend cuts coming to an end.

Broadly speaking, this expectation has been confirmed. The pattern of the equity market has been that an uncertain first quarter, when industrial gloom was at its deepest, culminating in the cut in ICI's dividend, was followed by a remarkable, but in the event unjustified, phase of euphoria in April.

Up to 600

At the end of April the 30-Share Index stood on the threshold of 600, a level which has not been approached since, although the broader-based All-Share Index proved more resilient, and briefly attained a new high point in August.

Although this column was modestly optimistic at the start of the year about the outlook for the equity market, by early July it was plain that a more cautious approach should be followed. Certainly, the mid-August strength marked a turning point, and September proved to be a month of quite violent re-assessment: within four weeks the FT 30-Share Index lost 100 points.

What caused the shake-out in September was the belated realisation by the market that the Government's attempts to hold interest rates down—clearing bank base rates had been at 12 per cent since the March Budget—were doomed to failure. In the end, the pressure exerted on sterling by rising interest rates in the dollar and other currencies forced a change in policy by the Treasury.

The experience of the summer crystallised what was only dimly apparent earlier on—that *the Government was moving* more and more to a policy of controlling the exchange rate. Although the money supply remains the object of targetry, and the existence of any official target range for the exchange rate is repeatedly denied, all the policy actions of the last few months suggest that exchange rate stabilisation is now a central objective.

Monetary policy, already damaged by the overshoot of sterling M3 in the 1980-81 financial year, received a mortal blow in 1981 from the effects of the civil service dispute, which delayed the collection of taxes. The decision was taken not to offset the failure to collect revenue by heavy sales of Government debt, which inevitably meant that the flow of funds in the financial year became extremely lopsided. A sharp increase in the money supply during the first half of the year (coinciding with a steeply falling exchange rate and a buoyant equity market) has been succeeded by a very tight monetary squeeze, which seems likely to last until the end *of the winter*.

The civil service dispute has tended to mask the Government's success in keeping public borrowing much more firmly in check than in 1980-81. Fiscal policy, at least as outlined in the Chancellor's statement last month, remains restrictive, more as a result of higher taxes than lower spending. The counterpart of the Government's lower borrowing is a jump in bank lending to the cor*porate and personal sectors, not* all of it related to tax payments.

The problems of monetary policy lead naturally on to the year's biggest disappointment—the overall weakness in the dollar bond market was a key factor, overwhelming the modest uptrend in gilts during the first quarter of the year. More recently, however, the rise in gilt-edged yields—back over 16 per cent—appears to have *domestic origins* and the year closes with real interest rates at very high levels.

The Government has done its best to ease the pressure on the conventional fixed-interest market by raising money from personal savers through National Savings and by innovating with £2bn of index-linked securities for pension funds. But the pension funds proved reluctant to scramble for these indexed stocks, and they now offer a real return of around 3 per cent.

High returns

The emergence of such very high real returns could well be the most important financial development of 1981.

Various explanations for the very high yields on gilt-edged can be put forward. Plainly there is an international influence, with high real returns being a worldwide phenomenon. In domestic terms, institutional investors appear to have become saturated with gilts, and are reluctant to see the fixed interest element of their *portfolios rise any further.* Moreover, the savings ratio is falling, which appears to be causing more competition for investment funds. Most *crucially, there is a funda*mental doubt over the Government's ability to avoid a return to inflationary policies, especially as the next election appears over the horizon.

Amidst the ups and downs of the domestic scene the big fund managers have continued to develop the international side of their equity portfolios. This overseas commitment, coming at a time when the overall cash flows of the institutions have lost momentum, has restricted the availability of funds for the domestic markets. The high level of funding by companies—which raised £1.8bn through rights issues in 1981 — *has been* a further depressing factor.

So the year ends with company profits rising fast, admittedly from a low base, and a *feeling that the worst is over,* yet with equity values in aggregate little higher than a year ago. This disguises, however, the weaknes of the oil sector—down 20 per cent this year — and the correspondingly buoyant performance of some of the industrial growth and/or recovery sectors. Altogether, a year of fits and starts is ending in uncertainty.

Breeze from Bank makes Treasury feel frosty

By Robin Pauley

Relations between the Treasury and the Bank of England, never the most cheerful, have developed a seasonal frost following direct attacks on Government policy by Bank directors.

Whitehall sources say the Treasury is particularly angry *about the criticism because it* has been voiced in the U.S. and indicates opinions which the Bank never expresses openly and directly to the Treasury.

The general Treasury view is that if the Bank takes such a dim view of economic strategy it should say what is wrong and what should be done.

The Bank's comments, which surfaced in the Wall Street Journal, are the more remark*able for their strength.* The executive director, Mr John Fforde, is quoted as saying that Monetarism is a theology and banks, at least the Bank of England, are not theological places.

Surprised

Mr David Walker, the assistant director, commented that the Government had no industrial strategy, believing in giving greater play to market forces.

While such views are frequently expressed privately by some Bank officials, the extent of this high-level on-the-record criticism has surprised the Treasury.

One of the directors is *quoted as saying that while* the Bank may be "less than enthusiastic" about the Government's economic prescriptions, suggestions of active sabotage were "ludicrous." Another official said it took the Bank longer to "understand this Government" than previous Governments.

Functions

One of the Bank's leading economists told the paper resignedly that one of the Bank's functions was to be a useful whipping boy: "Whatever happens I am sure that it will be our fault."

Another added that the Bank would still be there when the "fad" of Monetarism had faded: "Life will go on when some of the nostrums have died."

However, both the Bank and the Treasury are clearly hoping this latest row will *blow over* quickly and are maintaining a low public profile over the matter.

Japan to spend 7.7% more on defence next year

BY OUR FAR EAST EDITOR

JAPAN WILL increase its defence spending by 7.75 per cent next year. The last-minute concessions were made by the Ministry of Finance in the 1982 fixed budget after demands from the Defence Agency and the Ministry of Foreign Affairs.

The enlarged defence budget, totalling Y2,586bn (£6,238bn), will represent 0.93 per cent of estimated gross national product —*within the informal ceiling of* 1 per cent of GNP which has governed Japanese defence spending for the past five years.

Payments for equipment to be ordered next year could push this spending rapidly in the next three years, perhaps breaching the 1 per cent barrier by 1985.

The agreement of the normally strict Ministry of Finance to the rise came late on Sunday night after several days of bargaining on the allocation of funds held in reserve when the Ministry published its initial *draft budget early last week.*

Defence received about one-third of the funds available for reallocation and is the third most generously treated item—*after energy development and* foreign aid. By contrast welfare and education have been restricted to spending increases of less than 2 per cent.

The overall value of the 1982 general account budget, at Y49,680bn, will be 6.2 per cent greater than 1981. The rise is the lowest in 26 years and reflects the high priority being attached to the restoration of Japan's fiscal "health" — the reduction of the budget deficit and the phasing out of "emergency" bond issues.

The rise in spending next year would have been even less *if allowance had not had to be* made for built-in expenditure increases such as a 17.7 per cent increase in the cost of servicing the public debt.

The Government's decision to give priority to defence within a framework of overall budgetary constraint reflects continuing pressure from Washington, for a stepped-up defence effort, as well as Japanese fears that the defence issue could become linked with bilateral economic issues causing problems with the U.S.

UK company wins £184m deal for Nigerian water systems

BY MICHAEL CASSELL

BIWATER SHELLABEAR, the UK-based water and civil engineering contractors, has won a £184m contract to provide water supply systems in 94 Nigerian towns and villages.

Mr Adrian White, managing director of the company, part of the Biwater Group, said the contract represented the largest order ever placed by Nigeria with a UK company. Mr White also said that the Government was guaranteeing a £140m loan through the Export Credit Guarantee Department. It is believed to be the largest ECGD loan provided on any Nigerian contract.

Biwater Shellabear recently won an £82m water supply contract in the *Nigerian* state of Niger and the new contract is in the neighbouring state of Kwara. The work was won despite strong competition from other international contractors, although no other UK groups were involved.

The contract, signed in Nigeria last week, is the culmination of nine months' work by the UK company. Mr White said that Shellabear had been successful because of its ability to offer water towers which also contained inbuilt water treatment plants.

Work on the project is due *to start in March 1982 and will* take three years to complete. Biwater Shellabear is based in Dorking, Surrey, although it operates principally overseas in locations like Hong Kong, Malaysia and the West Indies.

The latest Nigerian contract will provide work for about 150 expatriates in Nigeria as well as an additional 2,500 people in the UK, predominantly in the Midlands, the north east and Scotland.

Japan trade talks

Continued from Page 1

above the same month of 1980, but followed a 13.4 per cent rise in exports in October and *average growth of 16.9 per cent* in the three months from July to September.

Imports rose a moderate 7.1 per cent (to $10.95bn) yielding a visible trade surplus of $613m, but a $1.52bn deficit on invisibles pulled the current account into the $1.06bn deficit from a surplus of $1,78bn in October.

Japan's accumulated current account surplus for the first eight months of its current fiscal year is $5.7bn.

The Japanese Government forecast in October that the full year, which end on March 31, would show an accumulated surplus of $7bn, but this figure has recently been revised to $10bn.

In contrast with the current account Japan's long term capital account had its largest-ever surplus in November, a net inflow of $2.77bn compared *with the previous monthly* record of $1,484m.

The surplus was attributed to heavy inflo wof foreign investment into the "gensaki" bond market, where bonds are sold subject to a repurchase agreement.

The Japanese delegation to *the conference will be* headed by Mr Shintaro Abe, Minister of International Trade and Industry, and Mr N. Matsunaga, Deputy Foreign Minister with special responsibility for economic affairs.

The proposal for a trilateral trade conference involving Japan, the U.S. and the EEC was made last summer by Mr William Brock, U.S. Special Trade Representative, *in talks* with Mr Rokusuke Tanaka, then Japanese Minister of International Trade and Industry.

Reuter reported last night from Tokyo: Mr Malcolm Baldrige, the U.S. Commerce Secretary, said in an interview at the weekend that Japan and the U.S. would be "on a collision course if Japan failed to open her market to foreign goods, and increase imports.

Sears sells most textile machinery interests

BY REG VAUGHAN

SEARS HOLDINGS, the footwear, betting, property and engineering conglomerate, is selling most of its textile machinery interests after incurring heavy losses in that area in the last three years. It plans further disposals.

The company will receive about £5.8m from the sale of four companies, three of which are being sold to existing management.

Mr Geoffrey Maitland Smith, Sears' *chief executive*, said that the textile machinery division had posed a particular problem for the group for many years and its disposal had been planned for some *time*.

The industry has been hit by a downturn on spending on capital equipment, particularly *in the U.S.*

Demand is showing signs of picking up but competition is still very strong. There are now six companies in the UK making textile machinery, compared with 26 in 1976.

The textile machinery division forms part of the group's Sears Engineering subsidiary, which in 1979 and 1980 showed a total pre-tax loss of £15.7m. In 1981, losses have been reduced but still amount to between £3m and £4m. At its peak in 1975, this subsidiary was making pre-tax profits of £14m.

The disposals will cause £15m to be written off in the subsidiary's accounts, representing the loss on book value of the assets being sold. Total assets of the engineering subsidiary *stood* at £137.8m at the end of last year.

On the London Stock Exchange on Christmas Eve, the shares were unaffected by the disposals. At 49p *the group's* 897m shares were valued at £440m.

Mr Maitland Smith said that the companies being disposed of accounted for the bulk of the losses of the engineering subsidiary. The effect of the disposal would be to put the *subsidiary straight back into* profit. He forecasts an overall profit for the subsidiary for 1982, but not a large one.

The textile division contributed £40m to the 1980-81 turnover of £84.3m for the engineering side as a whole. The main remaining parts are Alexander Findlay (structural steel contracting which is involved in power station construction) and Pegson a quarrying and stone crushing company. Both are *profitable, with Pegson making* profits of around £2m on a turnover of £25m.

Sears is retaining all the factory premises and land occupied by the companies being sold, which are being leased to the new owners.

Sears takes in Saxone, Lilley & Skinner, and Dolcis, the shoe shops, Selfridges and Mappin & Webb stores and the William Hill betting organisation. The group showed profits before tax of almost £100m in the year ended January 31, 1981, on turnover of £1.38bn.

Weather

UK TODAY

MOSTLY COLD and cloudy with wintry showers in parts.

London, S. England, E. Anglia, Midlands, S. Wales, Channel Islands
Mostly cloudy with outbreaks of rain. Max. 7C (45F)

Rest of England and Wales, Scotland
Occasional sleet or snow. Mostly cloudy. Max. 3C (37F)

Outlook: Unsettled. Showers in the south, sleet or snow in the north

Worldwide

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio		—	—	London	C	4	39
Algiers		—	—	L. Ang.†	F	12	54
Amsdm.	C	1	34	Luxmbg.	C	0	32
Athens	C	14	57	Luxor			
Barhrain	F	23	73	Madrid	R	9	48
Barcina.	R	8	46	Majorca	R	17	63
Beirut		—	—	Malaga	R	17	63
Belfast	R	3	37	Malta	S	18	64
Belgrd.	F	4	39	M'chstr	C	2	36
Berlin	F	−4	25	Melbne.	S	23	73
Biarritz	C	15	59	Mx. C.†		—	—
Bmghm.	C	1	34	Miami†	C	19	66
Blackpl.	C	3	37	Milan		—	—
Bordx.	C	9	48	Montrl.†	Sn	−5	23
Boulgn.		—	—	Moscow	Sn	−5	23
Bristol	R	5	41	Munich	S	0	32
Brussels	F	4	39	Nairobi	F	25	77
Budpst		—	—	Naples	C	12	54
Cairo	C	18	64	Nassau		—	—
Cardiff	C	5	41	Nwcstl.	R	3	37
Cas'b'ca		—	—	N York†	C	2	36
Cape T.		—	—	Nice	R	7	45
Chicg.†	Sn	−5	23	Nicosia		—	—
Cologne	C	1	34	Oporto		—	—
Cpnhgn.	C	−1	30	Oslo	Sn	−6	21
Corfu		—	—	Paris	C	6	43
Denver†	C	−12	10	Perth	S	26	78
Dublin	R	5	41	Prague		—	—
Ednbgh.	Sn	1	34	Rykjvk.		—	—
Faro		—	—	Rhodes		—	—
Florence	R	6	43	Rio J'o†		—	—
Frankft.		—	—	Rome	C	13	55
Funchal		—	—	Salzbrg.		—	—
Geneva	C	1	34	S'cisco†	F	7	45
Gibrltr.	C	17	63	S. Mritz.		—	—
Gl'sg'w	R	2	36	Singapr.		—	—
G'rnsey	C	7	45	S'tiago†		—	—
Helsinki		—	—	Stckhm.	Sn	−7	19
H. Kong	C	21	70	Strasbg.		—	—
Innshrk.	F	−1	30	Sydney	S	23	73
Invrnss.	F	0	32	Tangier		—	—
I.o.Man	C	4	39	Tel Aviv		—	—
Istanbul		—	—	Tenerife		—	—
Jersey	C	7	45	Tokyo	S	16	61
Jo'burg		—	—	T'r'nto†	C	−2	28
L. Plms.	F	21	70	Warsaw		—	—
Lisbon	C	13	55	Zurich		—	—
Locarno		—	—				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. † Noon GMT temperatures.

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V G H